

Step-by-step through the Review Process

GUIDELINES

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An overview of the Review Process

As a member of the Partnership for Sustainable Textiles (PST), you have set out on a journey towards achieving social, environmental and economic improvements along the textile supply chain together with other companies and organisations. Your individual commitment to this common objective is fleshed out and documented through what is known as the Review Process. **Reporting is centred on a risk analysis and risk prioritisation for 11 social, ecological and corruption risks.** This forms the basis for the targets that you set in order to prevent potential risks and to mitigate actual negative impacts.

The Review Process serves to measure your individual progress and enhances the credibility of the PST as a whole. The data this creates allow us to report on the activities and successes of the PST and its members.

The following chapters provide detailed information on how to complete the PST Review Process. The Partnership Secretariat provides support throughout the entire process and is available to answer your questions at any time. Please send an email to review@textilbuendnis.com

PLEASE NOTE

! Participation in the Review Process is mandatory for every member. If you do not meet the requirements by the deadlines, you may be excluded from the Partnership. Please always contact the Partnership Secretariat in good time should you encounter any problems with reporting.

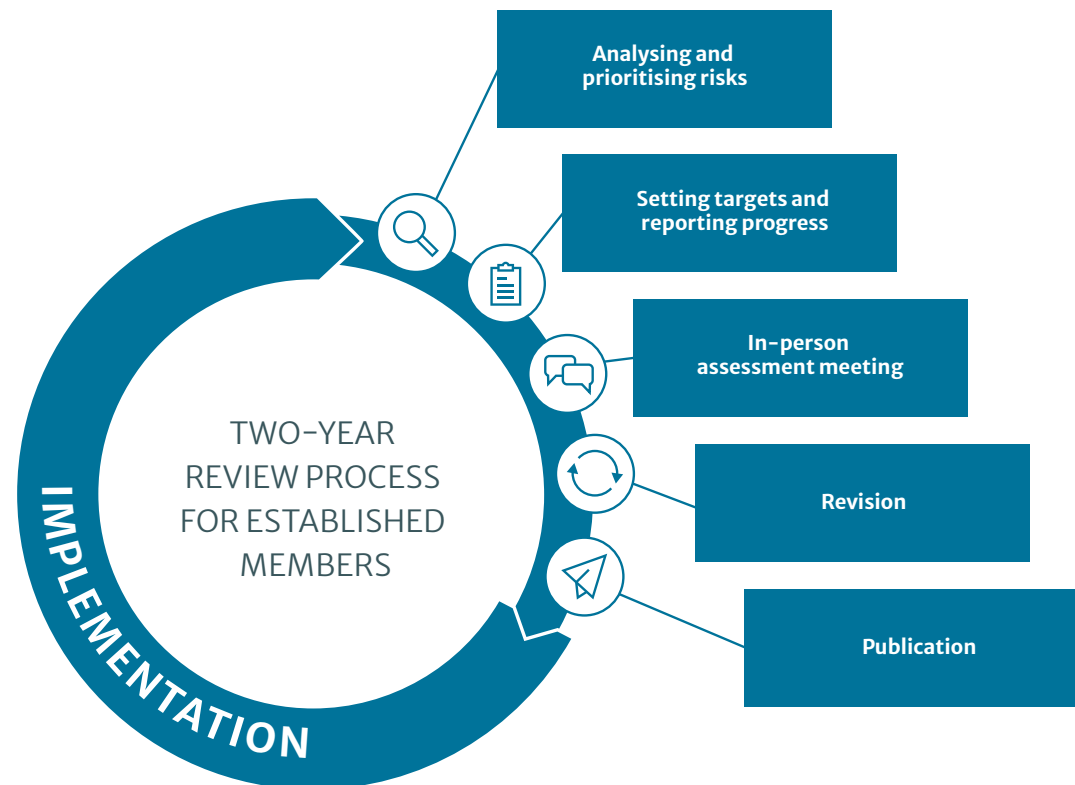
What does the Review Process involve?

The Review Process constitutes the framework for the ongoing development of the Partnership for Sustainable Textiles. The process documents the contribution and progress of the individual members in pursuing the joint goal of improving social, ecological and economic sustainability along the entire textile supply chain. It protects the PST and its members from freeloaders and offers a structure for performing due diligence and reporting on it. In doing so, the PST enables its members to effectively meet the growing (also regulatory) requirements for corporate sustainability and responsibility¹. The transparency requirements embedded in the Review Process help communicate the engagement and progress outside the PST and enhance its credibility.

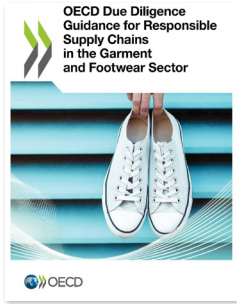
The Review Process takes place every two years.

It essentially comprises five elements in the following sequence:

- 1 Analysing and prioritising **risks**
- 2 **Setting targets and measures**, reporting on progress
- 3 **Qualitative in-person assessment meeting**: Review of all sections of the report and consultation for members
- 4 **Revisions**: Implementing the feedback from the meeting
- 5 **Publication of reports**



¹ e.g. National Action Plan for Business and Human Rights; UN Guiding Principles on Business and Human Rights; the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.



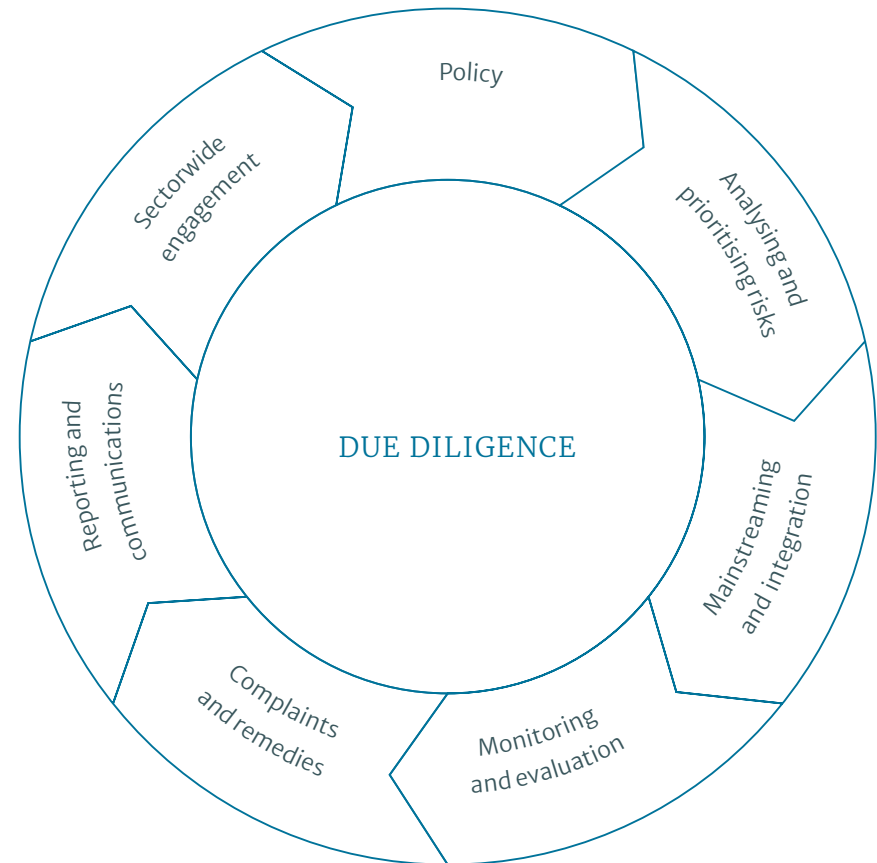
The „OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector“ (hereinafter abbreviated as OECD Due Diligence Guidance) defines the main due diligence commitments and requirements. The OECD Due Diligence Guidance is the guiding framework for the Review Process. Accordingly, specific targets and measures will be defined primarily on the basis of the individual risk analysis and prioritisation.

The goal of the Review Process

A risk-based approach enables companies to meet their due diligence obligations by **preventing or mitigating the key social, ecological and corruption risks**. In the event of actual impacts, appropriate remedies and reparations must be provided. In the Review Process, each member commits to taking responsibility for sustainability in their supply chains.

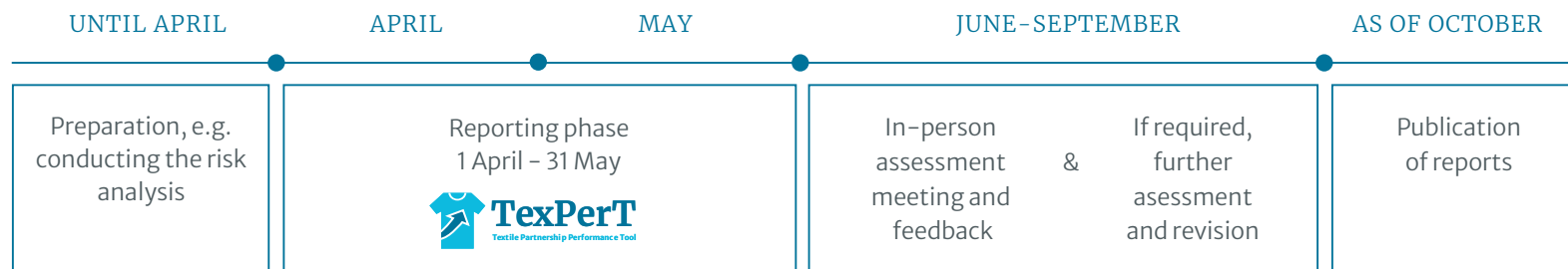
WHAT PERIOD OF TIME IS TAKEN INTO CONSIDERATION?

In the course of the review process, you take a look ahead based on your current knowledge and define targets and measures for the next two years. You describe the situation in your company (e.g., general company information; risk analysis) according to the latest information and figures available to you. For your progress report you also take a look at what you have achieved in the past two years and report whether your past targets have been "achieved" or "not achieved."



When must members report?

PST members complete the Review Process every two years. Reporting takes place between **1 April and 31 May** of the given year. During this period, you can enter data in the Partnership’s IT system – Textile Partnership Performance Tool (TexPerT). The deadline can be extended by a maximum of one month only in justified exceptional cases; this must be confirmed by the Steering Committee in advance. Should you require an extension, you must inform the Partnership Secretariat at review@textilbuendnis.com and explain why you need more time.



TexPerT: Where do members enter data?

Reporting, assessment and publication are all carried out using the Partnership’s own software called TexPerT. The web-based TexPerT software guides you through the structure of the Review Process. The Partnership Secretariat will send you a user ID for accessing TexPerT in good time.

Confidential handling of your data is a high priority for us. Our web agency Big Sun GmbH guarantees the Partnership for Sustainable Textiles’ maximum security standards for the software and for the data entered in the system. The data entered in TexPerT are confidential and protected. Only you as a member and your evaluation team can access individual data. The Partnership Secretariat can check each member’s data entry status and has access to aggregated data. You can find further details on data protection in the terms and conditions of use, which you can download in TexPerT.



A step-by-step guide to reporting



STEP

1 Preparation for reporting

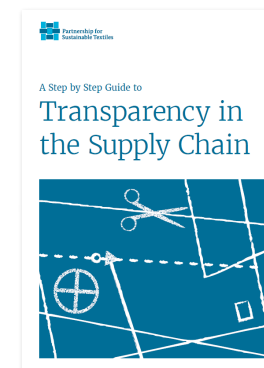
All companies in the PST are expected to identify their social, ecological and corruption risks and actual negative impacts on an ongoing basis. Being aware of the potential risks and actual negative impacts of a company's own activities for people and the environment is the first step and a requirement for meeting due diligence obligations.

Conducting a risk analysis and risk prioritisation by the member is therefore necessary for successful participation in the Review Process. Even if the actual reporting in TexPerT does not start until April, it is advisable to initiate your preparations early on.

1.1 Conducting the risk analysis

The **scope** of the PST encompasses social, ecological and corruption risks throughout the value chain and in the company's own operations (e.g. warehouses, own stores). So far, the Partnership's focus has been on the upstream supply chain while the downstream supply chain, including use and recycling phases, has been largely disregarded. In future, companies can focus more

Transparency in the company's own supply chain is essential for conducting the risk analysis. You can implement targeted measures only if you know where your products are produced and who produces them. While the scope of the Partnership is to take the entire supply chain into account in the risk analysis, of course you cannot provide information about parts of the chain that you are (still) not familiar with. However, with a view to ongoing improvement, Partnership members are expected to gradually increase transparency further down the supply chain. You can find advice and support in the guideline: [A Step by Step Guide to Transparency in the Supply Chain](#).





strongly on their business model and individual risk profile, whereby the **value chain and the supply networks** should be **considered as a whole**.

The PST also focuses on the textile supply chain in the narrow sense. This means that non-textile product components such as zips and buttons do not need to be included in the Textiles Partnership's risk analysis.

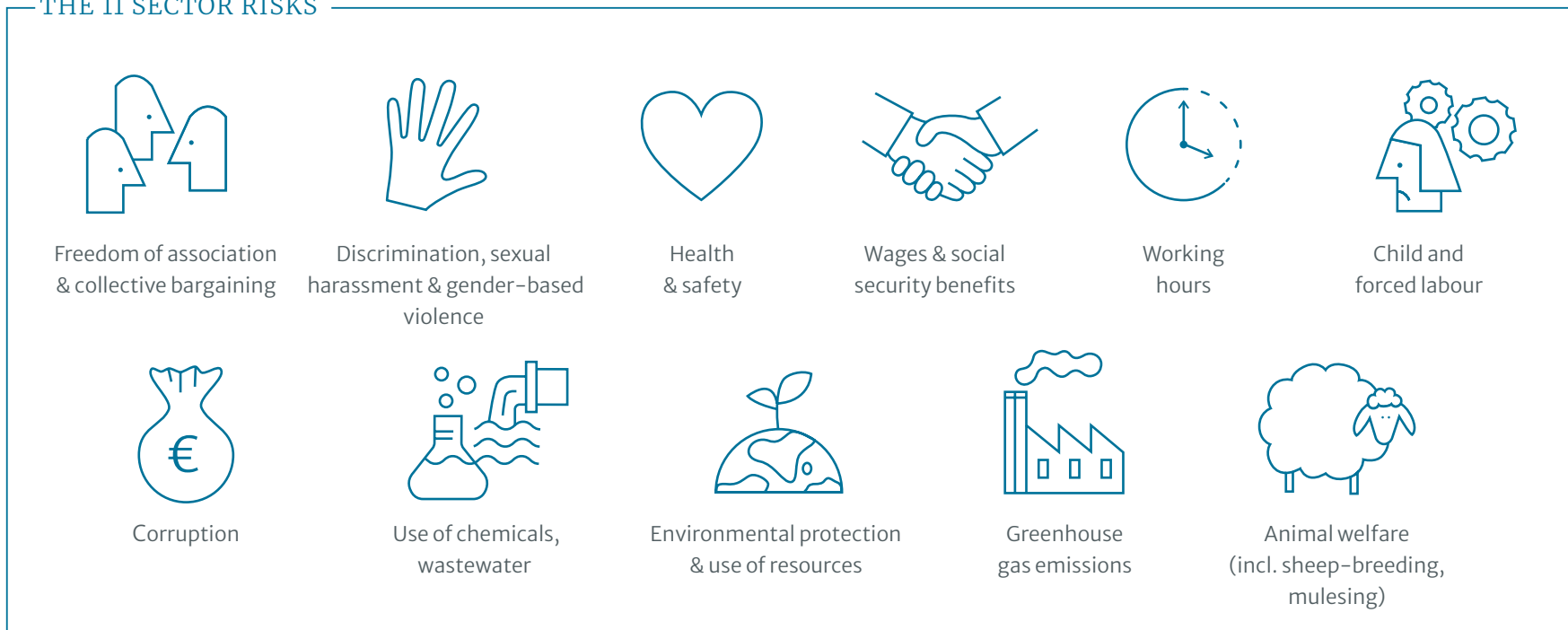
For companies that offer not only textiles (especially supermarkets and discounters), the individual risk analysis must address the textile supply chain explicitly but not necessarily exclusively. Each member must be able to demonstrate the extent to which the 11 sector risks occur in its textile supply chain and how they are prioritised.

The following uniform and simplified structure is used to describe the tiers of the upstream supply chain:

SUPPLY CHAIN TIER	PROCESS STEPS AND STAKEHOLDERS
Importers and agents (no self-production)	Trade business partners
Tier 1: Final product manufacturing (manufacturing of the end product)	Manufacturing (business partners or producers)
Tier 2: Production of materials (manufacturing of the finished material)	Wet processes (finishing); fabric production
Tier 3: Raw materials processing	Yarn production (incl. synthetic fibres), spinning mills, ginning operations/cotton ginning companies, wool scouring/wool- carding shop
Tier 4: Agriculture and cultivation	Cotton traders, fibre traders; cooperatives, farmers' societies; farmers, farms; forestry



THE 11 SECTOR RISKS



The risk analysis must encompass all 11 **sector risks**² defined by the PST. Each company must check, in its individual risk analysis, whether and how the listed sector risks occur (actual negative impacts) or could occur (potential risks) in its own value chain. The company's own business and purchasing model also influences individual risks and should be considered accordingly. Product-specific characteristics, such as those related to the chemicals used, must likewise be taken into account.

²The sector risks are derived from Partnership topics and the OECD Due Diligence Guidance.



Quantifying the fibres used

Here, in particular the fibres used play an important role, since the nature of the risks varies according to the type of fibre. In the PST, the question of fibre quantities is also important for internal documentation, because each member is required to gradually increase its percentage of sustainable cotton. To keep the effort required for the Review Process to a minimum, it is advisable to conduct the analysis of fibre-specific risks with a view to the data items that are later requested in TexPerT. You must be able to provide information on the total quantity of each natural fibre used, on relative shares, and on the quantities of cotton fibre certified as (1) organic (2) recycled or (3) otherwise sustainable. Providing information on cotton is mandatory. For other types of natural fibres it is recommended. Providing information on the total quantity, the quantity of recycled fibres and on relative shares is also mandatory for several man-made fibres.

SUPPORT WITH THE RISK ANALYSIS

- 1 Textile Risk Expert System (T-REXS)
www.t-rexs.de
- 2 Manual on 'Identifying and prioritising risks'
www.textilbuendnis.com/downloads



The Textile Partnership has developed a tool to assist member companies with their risk analysis: the Textile Risk Expert System, or T-REXS. A careful and continuous risk analysis is the basis for effective measures to prevent causing harm to people and the environment. The risk analysis forms part of the companies' preparation for the Review Process.

With T-REXS you can:

- ... identify the abstract risks in your supply chain;
- ... compile information on the likelihood of the risk occurring while taking account of mitigation measures and previous occurrences;
- ... identify the individual risks that are particularly relevant for your specific supply chain;
- ... prioritise the most severe risks.



1.2 Prioritising the most severe risks

Based on the results of the risk analysis, all member companies prioritise the sector risks individually. Two indicators play a central role here: **Severity and likelihood of occurrence**. Severity refers to how bad the impact would be on those concerned if the risk occurs. Likelihood of occurrence expresses (as the name suggests) the probability of the risk occurring in your supply chain or at your suppliers.

Risk prioritisation is the basis for defining specific targets and measures. These are then laid out in a roadmap and published as part of your report. During preparation, please note that the PST has defined a structure for documenting risks that have been identified and prioritised.

Summary: Risk prioritisation is crucial to reporting in the Textiles Partnership. You must be able to present in a clear and transparent manner that your targets and measures really do prevent or mitigate your most severe risks, or at least aim to do so.

The severity of a risk is determined by three factors:

- 1 Scale:** How severe is the (potential) impact?
- 2 Scope:** How many people are affected by the (potential) impact?
- 3 Irremediable character:** How easy is it to eliminate or remedy the damage?

Likelihood of occurrence is based on an assessment of the actual adverse impacts and on any existing effective mitigation or prevention measures, in addition to other contextual factors.



STEP

2

Reporting in the Partnership

Report sections of the Review Process:

- ✓ General company information
- ✓ Inventory of fibres used
- ✓ Progress report on the previous phase
- ✓ Methodology of the risk analysis
- ✓ Results of risk analysis and prioritisation of risks
- ✓ Roadmap: Targets and measures for the next phase
- ✓ Grievance mechanisms and remedies

We use the information provided by you for preparing and conducting the in-person assessment meetings. The information is also used for external reporting (publication). In principle, all the information provided by you is also part of the public report. Valid exceptions are listed in the [overview table](#) at the end of this document.

2.1 General company information

In the first section of the report, you provide information about your organisation, your business model and your supply chain structure. This information helps the [evaluation team](#) take the actual circumstances of individual companies into account. At the same time, it provides important background information for the public and can be used in aggregated form for statistical evaluation. The following data items are requested and published. Information that may optionally be made public is indicated in *italics*. The numerical values all relate to the business or calendar year. Each member uses the latest data available.



GENERAL COMPANY INFORMATION

- ... Number of employees
- ... *Turnover related to textiles and clothing*
- ... Product categories
- ... Description of how sustainability is mainstreamed in the company (e.g. responsibilities, responsibility with the company, units involved)
- ... Certification and memberships; *information on distribution in percentage of the product range*
- ... For producers: Description of own production/portfolio
- ... Other information

INFORMATION ON THE VALUE CHAIN AND ON SUPPLY CHAIN MANAGEMENT

- ... *Number of suppliers (tier 1)*
- ... List of the TOP 5 production countries, arranged by volume purchased
- ... *Volume purchased per TOP 5 country in per cent*
- ... Link to published list of suppliers, if available, otherwise 'N/A'
- ... Other information

Information that may optionally be made public is indicated in *italics*.

INFORMATION ON PROCUREMENT MODEL

Possible elements of the description: *description of the procurement model and mainstreaming of sustainability in purchasing* (e.g. direct/indirect procurement, number and locations of own procurement agencies (if such exist); differences for different product categories; procedure and specifications for selecting suppliers and placing orders; average length of business relationships; average utilisation of supplier capacities).



2.2 Inventory of the fibres used

Every company that produces or trades in new goods must provide information on the fibres used. Recording quantities enables the company to identify the areas in its supply chains with the greatest potential for risk and prepares it in the long term for developing a materials policy. It also promotes transparency in the supply chain and provides important information on the common challenges faced by PST members and on trends and developments in the area of fibres.

Natural fibres

In the field of natural fibres, it is mandatory to provide information at least on the quantities of cotton. For calculation purposes, the specifications already adopted by the PST apply. The information is used to review the progress made by the individual member in relation to the mandatory target on the increase of sustainable cotton and the achievement of the common PST goal for cotton.

MATERIAL/ FIBRE	QUANTITIES <i>(absolute in t)</i>	RELATIVE SHARE OF TOTAL FIBRE QUANTITY*	QUANTITY OF CERTIFIED ORGANIC** <i>(absolute in t)</i>	QUANTITY CERTIFIED AS OTHERWISE SUSTAINABLE** <i>(absolute in t, according to standard)</i>	QUANTITY RECYCLED** <i>(absolute in t)</i>
Cotton	mandatory	mandatory	mandatory	mandatory	mandatory
Virgin wool			N/A		
Linen			N/A		
...			N/A		

INCREASE IN SUSTAINABLE COTTON

Since 2018 each Partnership member that purchases cotton is required to set an individual target in the Review Process to increase the share of sustainable cotton. In the progress report for the following Review Process, the member must describe whether and to what extent it has achieved the target. The target for sustainable cotton is an individual target that is set every two years with the aim of increasing the share of organic cotton and/or otherwise sustainably certified cotton. Together the members contribute to achieving the overarching Partnership goals: by 2025, the share of sustainable cotton used should increase to a total of 70 per cent, of which organic cotton should account for 20 per cent.

The target is expressed as the percentage of sustainable cotton within the total volume of the cotton purchased (baseline information):

Sustainable cotton increased to X%, of which Y% is organic cotton.

* In %, estimated value permissible

** Relative calculation automatic





Man-made fibres

In addition to natural fibres, you are also required to provide details of the man-made fibres used. All types of man-made fibres that account for at least 5% of the overall quantity of fibres used or that exceed 1,000 t must be taken into account. All companies must report on their fibre quantities according to the prescribed structure.

At the same time, the Textiles Partnership recognises that the implementation of a system for recording fibre quantities requires time. Companies that are unable to provide details of absolute quantities in 2021 but have (they believe) valid estimates, can choose to provide details of relative quantities and not to report on absolute quantities. By the time of the next report, these companies must have created an adequate database that will enable them to report all data. They must accordingly formulate a target for the roadmap. The same applies to companies that lack the database required for reporting on either relative or absolute fibre quantities.

MATERIAL/FIBRE	QUANTITIES <i>(absolute in t)</i>	RELATIVE SHARE OF TOTAL FIBRE QUANTITY*	QUANTITY RECYCLED** <i>(absolute in t)</i>
CV (Viscose)	mandatory	mandatory	recommended
PES *** (polyester)			
PAN (acrylic)			
...			

The complete list of man-made fibres to be documented and of other man-made fibres for which the provision of information is optional can be found in the relevant [Steering Committee Resolution](#).

* In %, estimated value

** Relative calculation automatic

*** Sum of all polyester, incl. PET, PTT, PBT





2.3 Progress report on the previous phase

Each company that set itself targets in the last reporting phase must report on the progress made with regard to these targets. If you are taking part in the Review Process for the first time, you will not have set yourself any targets yet and therefore cannot report on the progress made towards achieving these targets. The progress report follows the ‘comply or explain’ principle.

If you have achieved a target, provide brief details. **If you have not achieved a target**, this must be explained.

A sufficient explanation must include the following details:

- 1 To what extent did you deviate from the target?
- 2 What is the reason for the deviation?
- 3 What have you done to achieve the target despite this?

While the member is not required to furnish evidence for achieving the targets, the member must be able to provide evidence if any questions arise during the in-person assessment meeting.

For the **transition year 2021**, the following special features apply to progress reports:

- ... the Progress report continues to be drawn up on all targets in the last roadmap, i.e. using the old structure.
- ... Targets that are not achieved, must, if reasonably possible, be continued in the new structure.
- ... The specifications of the 2019 manual on targets continue to apply to the content of the progress reports.
- ... Evidence must be provided only if requested by the evaluation team.
- ... TexPerT is used for reporting.



Taking into account the impact of COVID-19

As part of the 2021 Review Process, PST companies are also expected to report on the impacts of the COVID-19 pandemic and how they are dealing with it, with regard both to the company itself and to the workers in the supply chain. This information will enable the PST to derive lessons learned and develop recommendations for action.

In the progress report, you can answer the following supplementary questions if you wish.

- 1 What impact did the COVID-19 crisis have on your company?
- 2 What impact did the COVID-19 crisis have on the workers in your supply chain?
- 3 How did you address these impacts?

! Please also provide information on the causes of these impacts and on how you have dealt with them with regard to the risk of violations of the workers' human rights (e.g. adapting your purchasing practices, cancelling orders, additional risk-mitigating measures, etc.).



2.4 Methodology of the risk analysis

Before reporting on the results of your risk analysis, you must describe the method you used to conduct the analysis.

For this purpose, you must answer the following set questions:

- 1 What sources, information and methods were used for the risk analysis?
- 2 In addition to the general analysis of the textile supply chain, was a special focus placed on certain areas (e.g. countries/regions, products/materials, supply chain tiers) in the risk analysis?
- 3 Was a more in-depth analysis conducted of individual topics (e.g. Human Rights Impact Assessment)?
- 4 Who was involved in the process internally?
- 5 How was the perspective of external experts, stakeholders and potentially affected parties taken into account?



2.5 Results of risk analysis and prioritisation of risks

In the next step you must describe which severe social, ecological and corruption risks and negative impacts you have identified and prioritised. Additional information and references to support services for risk analysis and prioritisation can be found under Step 1 '[Preparation for reporting](#)'.

Defining risks

A standardised set of questions is used to compile the results of your risk analysis:

Abstract (gross) risk: You must put together information about potential fundamental social, ecological and corruption risks. At this point, you do not yet assess whether these risks actually occur in your supply chain. In other words, this is an abstract, 'gross risk'.

Likelihood of occurrence: You make an initial assessment of the likelihood of an abstract risk actually occurring in your supply chain. You must consider mitigation processes, specific impacts on the ground and information related to the local context.

Specific (net) risk: Using all the information that you have collected, you must now assess the specific risks that remain in your supply chain. Ultimately, you want to answer the following question: what are the most severe risks that have yet to be (adequately) covered by effective mitigation processes?

You can use a standardised [template](#) provided by the Textiles Partnership for documenting the data. In the template you describe – for all 11 sector risks – to what extent and where (country/region, supply chain tier, product group, material or supplier) risks exist and indicate where adverse impacts have already occurred.



The details provide help in orienting your company's sustainability management strategy, and consequently also serve as a basis for defining targets. All the details provided are used as a source of information for the in-person assessment meeting. The findings in terms of your specific (net) risk are automatically transferred to the public report. However, you may make some modifications for the public version if the information is sensitive and/or comprises data relevant for competition that you may not (yet) communicate publicly. In the course of the assessment meeting, it is ensured that the internal and external risk descriptions are basically the same and the targets and measures of the roadmap can still be derived from the content.

Prioritising the most severe risks

Before you move on to the next step and identify targets and measures for the next two years based on the results of your risk analysis, you must first prioritise the countries, supply chain tiers, suppliers or materials on which you will focus for each sector risk. The selection is determined by the **likelihood of occurrence and severity of the risk**.

2.6 Roadmap: targets and measures for the next phase

Drawing on the results of your risk analysis and prioritisation, you must identify targets and measures. They should aim to prevent and mitigate risks and, in the event of adverse impacts, remedy the situation and, where appropriate, provide compensation. You set targets in areas where they would minimise the greatest risks to people and the environment and, in turn, automatically contribute to mitigating corporate (reputational) risks. The number of targets is not specified but rather is derived individually from the results of your risk analysis. It is also possible to define further targets that are independent of the risks (e.g. on sustainability innovations).



The Partnership goals offer guidance in defining individual targets. In principle, at least one target must be set where individual risks have been identified, unless measures for prevention and/or mitigation are already being implemented.

This means that there are three justifications for not setting a target:

- ... **Outcome of the risk analysis** (e.g. ‘The topic does not pose any particularly high risk in my supply chain’).
- ... **Mitigation measures already in place** (e.g. ‘Through our membership in the Bangladesh Accord we have already established measures aimed at occupational and building safety that minimise the likelihood of occurrence’).
- ... **Too little influence:** An exception can also be made if you can explain that your company has too little influence (with respect to a certain sector risk) on the suppliers concerned and/or the local situation (e.g. if a company utilises less than 5 per cent of the production capacities). You must however describe the efforts you have taken to increase your own influence through cooperation with other stakeholders (e.g. other purchasers in the factory, local organisations, additional initiatives).

The Partnership Secretariat evaluates these explanations, identifies interfaces (countries/suppliers/topics) and develops recommendations for joint engagement in the PST.

PARTNERSHIP GOALS

Partnership goals provide guidance for members with reference to the Partnership’s expectations and the state they seek to achieve.

Individual targets aim to mitigate or minimise the identified risks and thus contribute to achieving the Partnership goals. Individual targets are formulated in line with SMART criteria and are substantiated with specific measures.



SECTOR RISK	PARTNERSHIP GOAL
Freedom of association & collective bargaining	Freedom of association and collective bargaining are supported in all businesses/at all business partners in the value chain
Discrimination, sexual harassment and gender-based violence	There is a zero tolerance policy (elimination) against all forms of discrimination, particularly sexual harassment and gender-based violence, in all businesses/at all business partners in the value chain
Health & safety	Fire protection and building safety, as well as the prevention of work-related accidents, are ensured in all businesses/at all business partners in the value chain
Wages and social security benefits	Living wages are paid in all businesses/at all business partners in the value chain
Working hours	In all businesses/at all business partners in the value chain, specified working hours are adhered to and excessive overtime is avoided.
Child and forced labour	There is a zero tolerance policy (elimination) against all forms of child and forced labour in all businesses/at all business partners in the value chain.
Corruption	There is a zero tolerance policy (elimination) against all forms of corruption, blackmail and bribery.
Use of chemicals, wastewater	No adverse impacts on people or the environment occur as a result of the use of chemicals in the value chain.
Environmental protection and use of resources	Further environmental damage in the value chain is prevented; the use of resources in the value chain is optimised.
Greenhouse gas emissions	Greenhouse gases are minimised in the entire value chain.
Animal welfare (including sheep-breeding, mulesing)	All practices that jeopardise the welfare of animals in the value chain are eliminated.

For more detailed information on definitions and frameworks, the [consolidation papers](#) of the Partnership's three thematic areas remain valid. The three areas are: environmental and social standards, sustainable natural fibre production and social Partnership goals and standards.



Mandatory targets

Independent of the individual risk assessment, all members are obliged to set at least one target related to each of the following sector risks:



Living wages



Use of chemicals,
wastewater



Corruption

Companies are also required to address two additional aspects and set targets for them. Companies are obliged to facilitate access to effective remedies and grievance mechanisms. The joint goal in the PST of increasing the share of sustainable cotton continues to apply. All members who purchase cotton contribute to the overall success of the PST by continuously increasing their percentage of sustainable cotton.

You can be **exempted** from the requirement to address the topics mentioned only if you are able to justify, with reference to your business model, why you are unable to work on a specified topic (e.g. no cotton fibre used → no percentage increase target for cotton). Targets must be formulated in line with **SMART** criteria and must aim to achieve clear results. For each target, you must formulate measures that facilitate and promote its achievement.

If your company does not have sufficient capacity to deal with all identified risks immediately, it may define time horizons for the individual targets that extend beyond the two-year reporting period. In this case, you must first define measures for the current reporting period that do not result in the target being fully achieved. Measures that help achieve the target are then added in the following reporting phase. This option is intended to support companies in using their limited capacities and resources expeditiously and enables them to pursue ambitious long-term targets. For the mandatory targets, objectives must relate to the two-year period.

WELL-FORMULATED TARGETS

- ... **are concise and specific**
i.e. they reduce the evaluators' scope for interpretation to a minimum;
- ... **have a measurable/verifiable quantitative or qualitative target value**
e.g. quantitative: percentage or absolute increase/reduction; qualitative: documentation of the planned implementation;
- ... **have a concept of progress**
i.e. there are visible signs of changing the status quo;
- ... **have a time frame**
i.e. they can, for instance, be achieved within the next two years;
- ... **have, if possible, a connection to the impact**
i.e. they describe not only the planned measures, but also mention the intended impact.



2.7 Grievance mechanisms and remedies

In addition to your risk analysis, you must report on complaints and remedies and set yourself relevant **targets**. All companies in the PST are required to ensure that (potentially) affected parties in their supply chain (e.g. workers in supply companies or residents of local communities) have access to grievance mechanisms, and to promote such mechanisms.

In this section of the report you must describe the channels available to concerned parties in your supply chain to communicate complaints. The number of complaints received and the subjects of the complaints must also be stated. These details are published in aggregated form so that they cannot be traced back to individual PST companies.

You must provide the following information:

- 1 What are the channels available to concerned parties in your supply chain to communicate complaints? How is access to effective grievance mechanisms currently promoted in your own supply chain? This can comprise both local and external ('back-up') grievance mechanisms.
- 2 How many complaints were received by the organisation in the last reporting period and which sector risks did they relate to? Please note: complaints may be brought to the attention of your company via formal mechanisms and via informal channels such as NGOs or trade unions.
- 3 How were the complaints handled?
- 4 How are external stakeholders, in particular concerned parties, involved in developing, communicating and evaluating processes for complaints and remedies?



STEP

3 In-person assessment meeting: assessment and consultation

As soon as you have completed the internal reporting process in the IT tool, the data are released by you. From then on, a tandem comprising the Partnership Secretariat and an external service provider can view the data.

The verification and quality check of the report are not carried out in a purely document-based manner but also as part of a personal evaluation meeting, which is a **combination of an assessment and a consultation**. On the one hand, your company receives support with practical implementation of the due diligence requirements and with formulating the most ambitious roadmap possible that will deliver the best results. At the same time, the evaluation team will check whether the report meets the Partnership's qualitative requirements. The OECD Due Diligence Guidance provides the substantive framework. The in-person assessment meeting is prepared and conducted by the tandem.

The German Institute for Human Rights (DIMR) will support the evaluation meetings and attend some of the meetings. If you wish to take advantage of this offer, you may register your interest voluntarily. A target of 10 per cent of meetings is envisaged. BMZ will fund the institute's work in support of the evaluation process.



3.1 Preparation and procedure

As part of the preparations for the meeting, the evaluation team analyses the information that you have entered in TexPerT and sends you questions. The random check principle applies to the provision of evidence: if you are expected to provide evidence, you will be notified prior to the meeting. In principle, the effort should be minimised and the evaluation team has discretion in deciding on the targets (and progress) for which evidence is to be submitted. In preparing for the meeting, we advise you to review the information you have provided and to have detailed information on hand, especially with regard to the questions sent in advance. Familiarising yourself with the evaluation criteria and key questions will also help you prepare for the meeting.

Companies may use a feedback system to assess the external service providers after the in-person assessment meetings. All participants in the assessment meetings (external service providers, Partnership Secretariat and, if applicable, DIMR) sign a declaration of confidentiality.

3.2 Evaluation criteria and key questions

The evaluation tandem appraises and evaluates all sections of the report. It bases its evaluation on key questions intended to ensure quality and compliance with due diligence requirements. The questions are based on the OECD Due Diligence Guidance and are also available to the members.



KEY QUESTIONS

Risk analysis: methodology, scope and sources of information

- ... Is the described method for identifying risks and adverse impacts considered to be suitable, or is there a risk that key aspects are missing?
- ... Was a uniform method used to calculate the fibre volume and do the results appear to be plausible?
- ... Is the risk analysis inherently consistent and were the countries, product categories and (textile-related) business areas relevant to the company taken into account?
- ... Did the company review suppliers with a higher risk of potential and actual impacts and does it guarantee the quality of this assessment appropriately?
- ... Did the company assess the maturity of the suppliers' management systems and take it into consideration?
- ... Did the company consult external stakeholders or experts and/or obtain feedback from potentially affected parties as part of the risk analysis, especially if information was missing?

Results of the risk analysis and assessment

- ... Do the results of the risk analysis coincide with common insights, reports and indices on the production countries, product categories, and the business and purchasing model relevant for the company?
- ... Is the content of the internal and external risk descriptions basically the same and are targets and measures from the published content plausible?
- ... Is the estimated likelihood of occurrence coherent (based on the assumed effectiveness of the existing mitigation measures and information on specific impacts or on the local context)?
- ... Is the estimated severity coherent (based on scale, scope and irremediable character)?

Risk prioritisation

- ... Is the justification that certain sector risks cannot be dealt with through targets ('explain') convincing?
- ... Is the focus of prioritisation that has been set (and hence the targets that have been defined based on it) on certain countries/supply chain tiers/suppliers/materials coherent in view of the likelihood of occurrence and severity?



KEY QUESTIONS

For the evaluation of the targets and measures, the evaluation team poses the following key questions:

Are the targets and measures...

- ... appropriate to address the severity of the risk and likelihood of its occurrence?
- ... more comprehensive in high-risk contexts than in low-risk contexts?
- ... appropriate to the nature of the risk?
- ... appropriate to the size of the company and its business model?
- ... based on existing good practices or best available techniques?
- ... based on the knowledge of local stakeholders and external experts, insofar as the risk requires it?

For targets and measures in the area of remedies and grievance mechanisms, in addition to the above-mentioned key questions, the following remarks apply:

- ... Are the targets and measures derived from mapping of existing complaints channels along the supply chain (as well as the review of their effectiveness), potentially affected parties/users and possible complaints issues?

With regard to the progress report, the following aspects are analysed:

- ... Are all aspects formulated in the target covered by the progress report?
- ... Can meaningful evidence be provided for the arbitrarily selected targets and at the request of the evaluation team?



KEY QUESTIONS (CONTINUED)

It is mandatory to address the individual impacts of the COVID-19 crisis on the company and its supply chain, and the lessons learned, by answering the following key questions:

- ... What impact did the outbreak of the COVID-19 pandemic have on the risks in your supply chain?
- ... How did your company deal with increased risk (e.g. health risks, wage losses/reduced wages)?
- ... Has your company modified its purchasing practices during the COVID-19 crisis? Have the changes in purchasing practice had an impact on risks?
- ... To what extent did your company pay attention to the recommendations for action set out in [the Textiles Partnership's Guidelines for responsible purchasing practice in times of COVID-19?](#) The following information in particular must be available to the evaluators:
 - When placing orders or modifying orders, was/is there a dialogue with the supplier in accordance with the guidelines?
 - To what extent have risks of wage losses – also as a result of cancelled orders – been minimised, as stipulated in the guidelines?
 - How much have you done to ensure that suppliers take adequate measures to protect against the risk of infection, that the workers are informed about these measures and rights, and have access to grievance mechanisms?
- ... What lessons have you learned from the experience of adapting your purchasing practices and implementing due diligence requirements?
- ... How much of the information disseminated by the Textiles Partnership about risks in the supply chain (incident list, country webinars, country information on the homepage) has been used to adapt the company's own purchasing practices and measures?
- ... What lessons have you learned from the experience of adapting your purchasing practices and implementing due diligence requirements?
- ... How much attention does your company pay to the recommendations of the Textiles Partnership regarding a responsible exit?
- ... To what extent have you modified your purchasing practices according to the guidelines, with special reference to guaranteeing payment of wages?
- ... To what extent does your company make use of other guidelines, recommendations and materials for fair purchasing practices, e.g. from the Fair Wear Foundation or the Ethical Trading Initiative, in order to modify its own purchasing practices?
- ... Are the answers to the individual questions listed here reflected in the COVID-19 questions in the progress report?



3.3 Everything about nominating, assigning and commissioning external service providers

The external service providers are nominated for the assessment meetings by the Steering Committee based on the following criteria:

- ... Professional expertise in the area of due diligence
- ... Professional expertise in the textile sector
- ... Experience in sustainability consulting for companies
- ... Experience in practice-oriented scientific work on environmental and social standards in the textile supply chain
- ... Experience in evaluation and appraisal procedures
- ... Knowledge of the OECD Due Diligence Guidance (self-disclosure)
- ... Fluency in German and English
- ... Professional background of the deployed personnel
- ... Daily rate (max. EUR 1,200/day plus travel expenses)

Lots are drawn to identify who conducts the assessment meeting with which company. In doing so, equal distribution (number of members per service provider) should be sought. Service providers are obliged to report conflicts of interest with a member they have been assigned to. This is the case in particular if there is a working relationship between the member and the service provider or if there has been such a relationship over the last 12 months. For the reporting period in the PST, service providers are also required to refuse other commissions from the members they are assisting. In the event of a conflict of interest lots are drawn again.

Each member **commissions and pays** the assigned service providers itself. The scope of the commission per member is estimated to be 2.5 days. Depending on the number of remarks and the need for revision, up to four days may be quoted. The time incurred (2.5 to 4 days) is invoiced at a set daily rate of EUR 1,200 plus travel expenses.

Small companies³ may choose not to commission an external service provider and conduct the in-person assessment meeting exclusively with the Partnership Secretariat.

³Based on the EU definitions of micro and small enterprises, which specify that all companies with up to 49 employees and an annual turnover of up to EUR 10 million benefit from this exemption.



STEP

4

Revision of the report

If there are still some unanswered questions or need for adjustment at the end of the in-person assessment meeting, this is noted by the parties involved. Within seven days of the meeting, your evaluation team sends you a report including detailed recommendations and requirements for revising the report. You are required to perform the adjustments within four weeks. Any additional revision must be performed within two weeks. After completion of the in-person assessment meetings, the Steering Committee sets a date by which all revisions must be undertaken.

If, due to changing circumstances or new insights with a dynamic due diligence approach, there is a need for revision, it may be carried out at a possible mid-term meeting (i.e. one year after submission of the report). The requirements for the mid-term meeting are the same as those for the in-person assessment meeting.

What happens if there is a difference of opinion?

Should there be a difference of opinion between a member and the evaluators during the Review Process, an arbitration procedure will be initiated by the Partnership Secretariat following consultation with the concerned member. The member may choose whether the project group Review Process or an external arbitrator should perform the mediation/arbitration. The selected individuals will only have access to the data that are required to clarify the situation, as agreed with you in advance. More information on the arbitration and mediation procedure can be found in the corresponding [Steering Committee resolution](#).

The fundamental principle of verification within the Partnership does not represent a strict sanctioning procedure but rather a consistent yet cooperative learning process. Arbitration or mediation is therefore the final escalation level in the verification process. Any queries or misunderstandings can usually be clarified in a phone call. You should therefore contact the Partnership Secretariat or your representative on the Steering Committee if you believe that the result of the verification is not justified in your case.



STEP

5

Publication of reports

The Partnership Secretariat publishes the reports on a date set by the Steering Committee. For all members who have completed the revision of their report by this time, an online report is generated and published on the PST website. For the published document, the relevant data items are automatically extracted from TexPerT.

Which data are published?

Only selected data from TexPerT are published. At any time during the reporting you are free to check the information that will appear in the published report. You can decide whether you would like to publish certain data items.



REPORT SECTION	PUBLIC INFORMATION
<p>General company information and information on the value chain/supply chain management</p>	<ul style="list-style-type: none"> • Number of employees • Product categories • Description of how sustainability is mainstreamed in the company • List of TOP 5 procurement countries (in order of procurement volume) • Certification and memberships • Link to published list of suppliers (if not available: 'N/A') • Producers only: description of own production and/or of the business portfolio
<p>Fibres used</p>	<p>Fibres used, including distribution in percentage (estimated value)</p>
<p>Progress report on previous phase</p>	<p>Progress report ('comply or explain')</p>
<p>Methodology of the risk analysis</p>	<p>Methodology of the risk analysis</p>
<p>Results of the risk analysis and prioritisation of risks</p>	<ul style="list-style-type: none"> • Risk description without disclosing sensitive data • Justification for not setting a target (no risk, or mitigation measures are already being implemented)
<p>Targets and measures for the next phase</p>	<p>Roadmap: individual targets and measures</p>
<p>Grievance mechanisms and remedies</p>	<ul style="list-style-type: none"> • Description of complaints channels along the supply chain • Aggregated number of complaints received among the Textiles Partnership members • Assignment of the aggregated complaints to the 11 sector risks

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