

HOHENSTEIN WEBINAR: SUPPLY CHAIN DUE DILIGENCE ACT CHALLENGE & POSSIBLE APPROACHES

- Use the chat for **QUESTIONS**
- **MICROPHONE & CAMERA** are deactivated
- We provide the **RECORDING**

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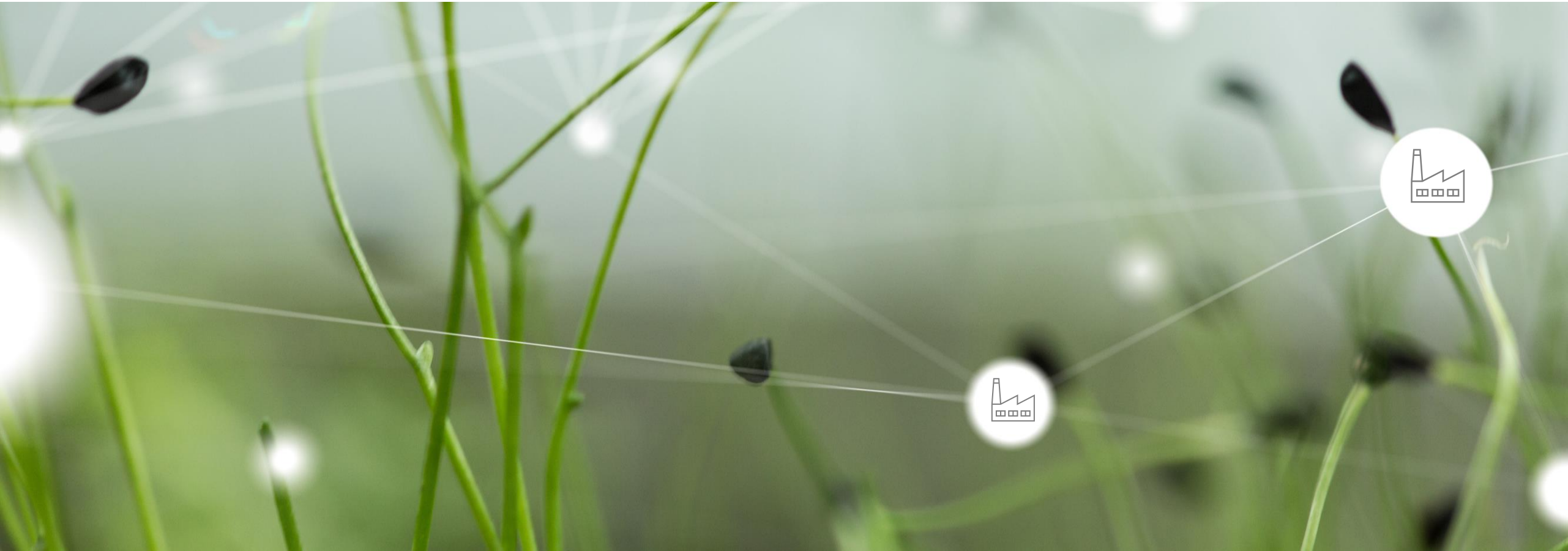
WELCOME!

SUPPLY CHAIN DUE DILIGENCE ACT

CHALLENGE & POSSIBLE APPROACHES



HOHENSTEIN



AGENDA

Insight to the Supply Chain Due Diligence Act

Current EU developments

Hohenstein starting points

- OEKO-TEX® RESPONSIBLE BUSINESS
 - Process support
 - Establishment of internal processes
-

DUE DILIGENCE

DEFINITION

"Due diligence is the process companies should undertake to identify, prevent, mitigate and account for these actual and potential negative impacts in their own operations, supply chain and other business relationships."

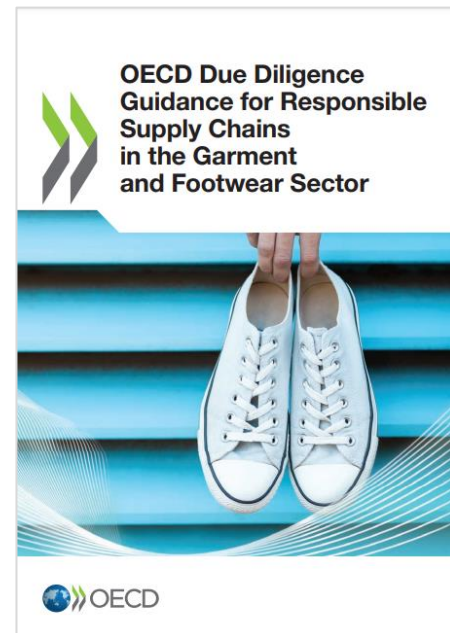
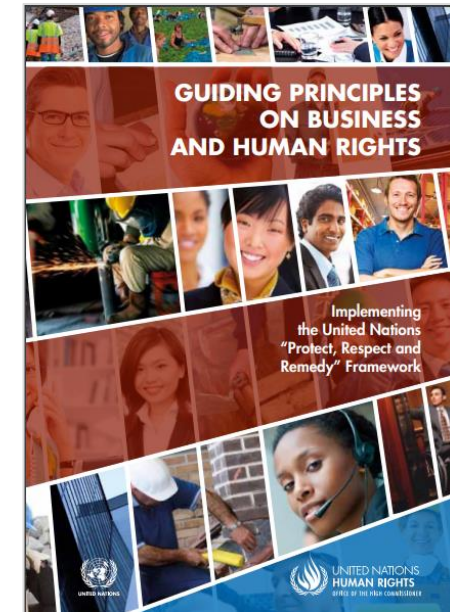
**OECD Due Diligence Guidance for Responsible Business Conduct*



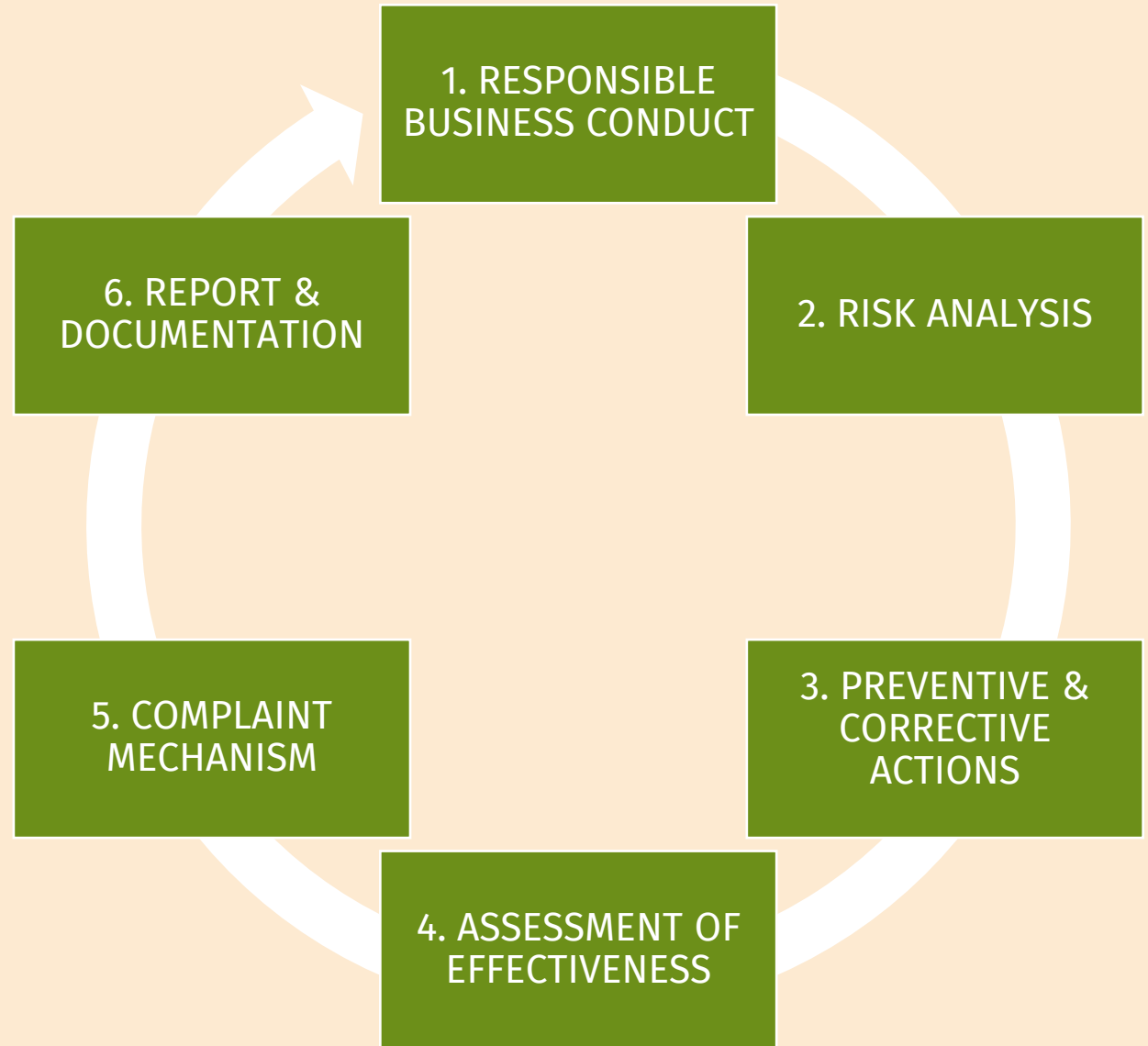
DUE DILIGENCE FRAMEWORKS

The basis of the Supply Chain Due Diligence Act:

- UN Guiding Principles on Business and Human Rights (UNGPs)
- OECD Guidelines for Multinational Enterprises
- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector
- OECD Guidelines for Responsible Business Conduct



THE 6 COMPONENTS OF DUE DILIGENCE



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**INSIGHT
TO THE SUPPLY CHAIN DUE
DILIGENCE ACT**

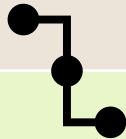
THE SUPPLY CHAIN DUE DILIGENCE ACT

*APPLICABLE SINCE JANUARY 01, 2023



DUE DILIGENCE MANAGEMENT SYSTEM

Responsible Business Conduct, Risk Analysis, Prevention & Remediation, Complaint Mechanism & Reporting



DILIGENCE OBLIGATIONS

apply in own business & direct suppliers - to indirect suppliers only in case of "substantiated knowledge".

Duty to make an effort - no guarantee obligation



COMPANIES CONCERNED

2023:
Companies with 3,000 or more employees in Germany

2024:
Companies with 1,000 or more employees in Germany



SCOPE OF DUE DILIGENCE

Diligence obligations only apply in relation to human rights & certain environmental obligations

SUPPLY CHAIN DUE DILIGENCE ACT

RISK INDICATORS

Employment of a child (not younger than 15 years)	Freedom of association	Prohibition of security forces (disregard of personal rights)
Worst form of child labour under the age of 18	Equal treatment in employment	Other unlawful conduct directly affecting human rights
Forced labour	Withholding a fair wage	Production, use and treatment of mercury
Slavery	Harmful soil contamination, water pollution, air pollution, noise emission, excessive water consumption	Production, use and treatment of POP chemicals
Occupational safety and health	Eviction	Hazardous waste (Basel Convention)

SUPPLY CHAIN DUE DILIGENCE ACT

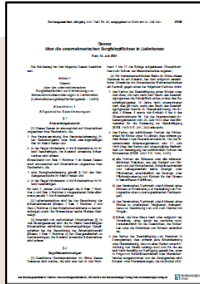
BAFA* DOCUMENTS

* Federal Office for Economic Affairs and Export Control (BAFA)

THE LAW

6 sections with 24 paragraphs

1. General provisions
2. Due diligence obligations
3. Civil procedure
4. Regulatory oversight and enforcement
5. Public procurement
6. Periodic penalty payments and fines



QUESTIONNAIRE

- Submission and publication online by June 1, 2024
- Subsequently, annual publication
- Online questionnaire now available
- Multiple choice and free text answers possible
- Obligation to declare



SUPPLY CHAIN DUE DILIGENCE ACT

BAFA QUESTION CATALOGUE

CHAPTER	QUESTIONS	ANSWERS
<i>Core data</i>	6	28
<i>Reduced reporting obligation (if no risks are identified)</i>	5	25
A. Strategy and embedding	9	58
B. Risk analysis and prevention measures	15	149
C. Identification of injuries and remedial action	4	100
D. Complaints procedure	7	63
E. Risk management assessment and conclusions	1	15



SUPPLY CHAIN DUE DILIGENCE ACT

BAFA GUIDING DOCUMENTS

RISK ANALYSIS



- Distinction between occasional and regular risk analysis
- Change of perspective: focus on employees and possible damage to the environment
- Steps of risk analysis
 1. Abstract consideration
 2. Concrete determination
 3. Successive expansion

APPROPRIATENESS & EFFECTIVENESS



- Appropriateness:
 - Type and extent
 - Capacity to influence
 - Severity and probability of occurrence
 - Type of causation
- Duty of effort
- Principle of effectiveness
- Implementation examples

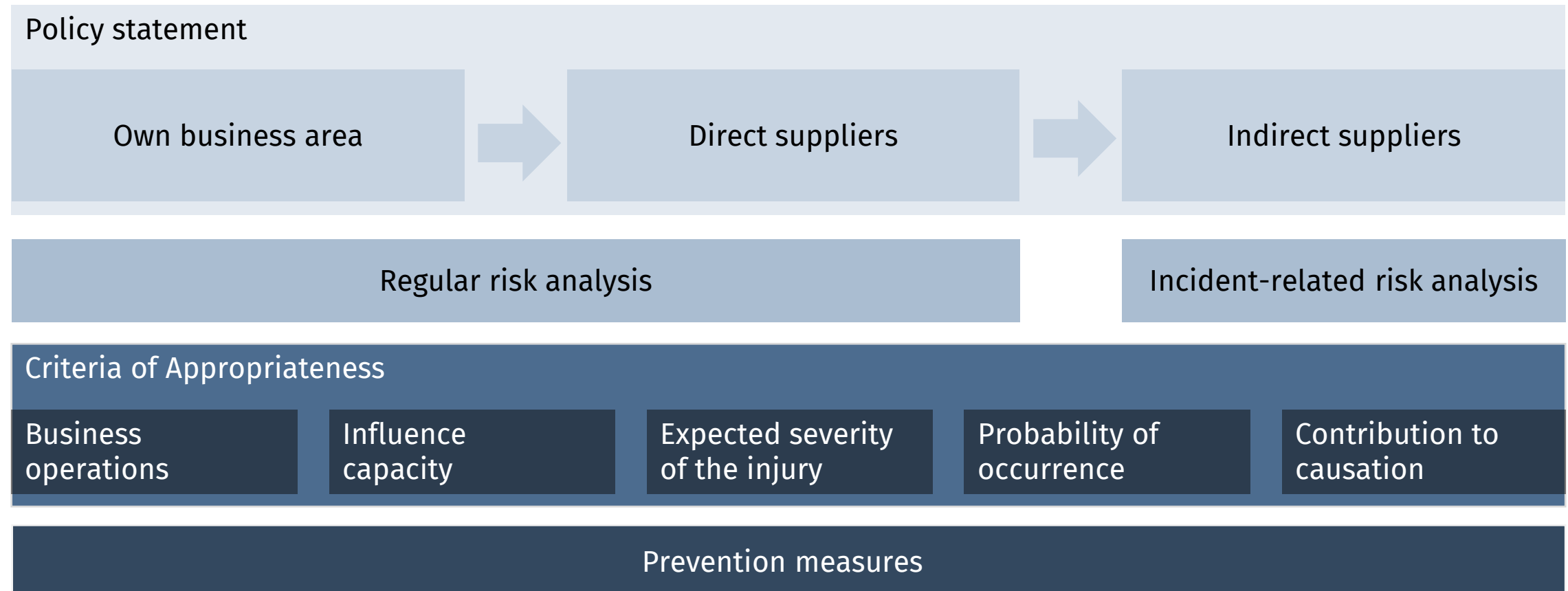
COMPLAINT MECHANISM



- Distinction between internal and external procedures, or a combination of both
- Early warning system and access to appropriate remedy
- Procedural rules
- KPIs to measure effectiveness

SUPPLY CHAIN DUE DILIGENCE ACT

PROCESSING LEVELS

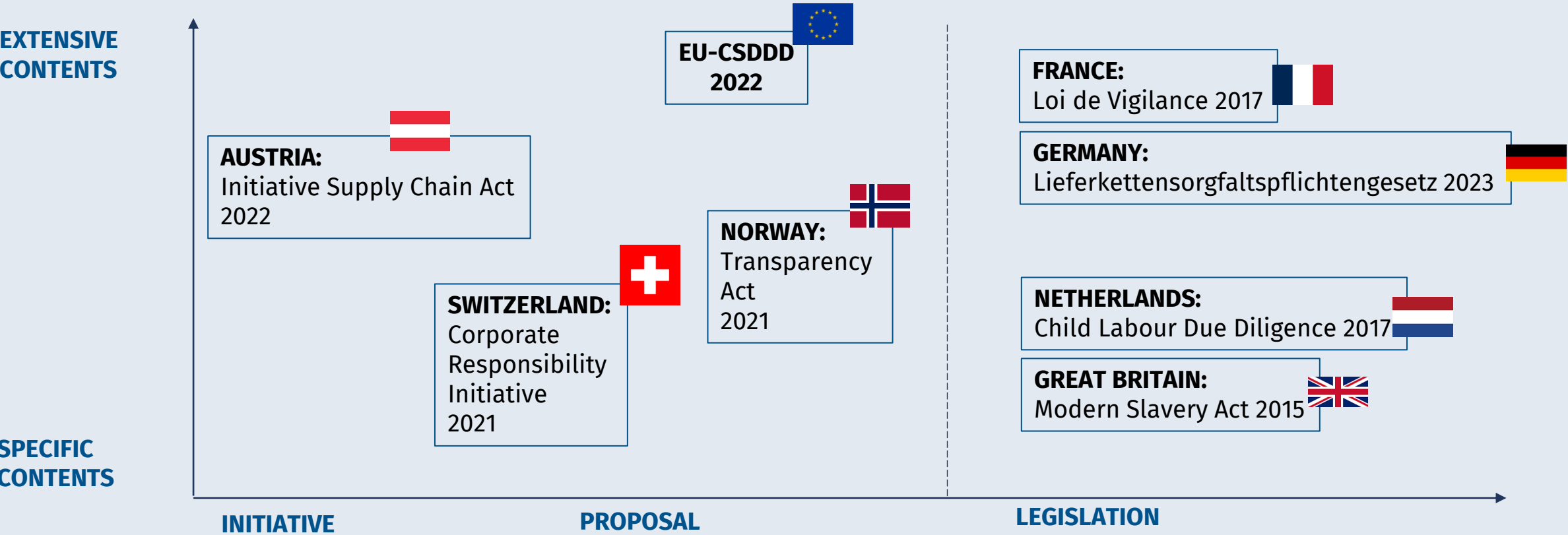


CURRENT EU DEVELOPMENTS



CURRENT DEVELOPMENTS

IN THE EU



DEVELOPMENTS AT EU LEVEL

Product
Environmental
Footprint

Digital
Product
Passport

Micro-
plastics

REACH
Revision


Extended
Producer
Respon-
sibility

Green
Claims

PFAS

Eco-
Design

EU Due
Diligence

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**TOGETHER WE ARE
SETTING YOU UP FOR
A STRONG FUTURE WITH
REGARD TO **THE SUPPLY
CHAIN DUE DILIGENCE ACT****

HOHENSTEIN DUE DILLIGENCE

YOUR STRATEGY FOR THE FULFILMENT OF DUE DILIGENCE OBLIGATIONS

OEKO-TEX®
RESPONSIBLE
BUSINESS/
Green Button

You are already extensively prepared for the due diligence act, have strategies and responsibilities?

- OEKO-TEX® RESPONSIBLE BUSINESS certificate
- Green Button 2.0

Anamnesis
&
Gap Analysis

You are already sure about your strategy, but some aspects are still missing for the due diligence act?

- Together we work out your status quo through an anamnesis.
- We identify fields of action through a GAP analysis.
- We answer the question: What do you still have to do to successfully comply with the due diligence act?

Customized
Solution &
Project
support

The task of the due diligence seems overwhelming?

- Together we develop your strategy
- Management system with Code of Conduct and materiality analysis, risk management incl. responsibilities and risk analysis, supplier request & communication, complaint mechanism and final reporting.
- Through project supervision you learn the skills to comply with the due diligence act

OEKO-TEX® RESPONSIBLE BUSINESS

MANAGEMENT TOOL FOR FULFILLING DUE DILIGENCE
IN THE TEXTILE SUPPLY CHAIN



RESPONSIBLE
BUSINESS



OEKO-TEX® RESPONSIBLE BUSINESS

MANAGEMENT TOOL FOR FULFILLING DUE DILIGENCE IN THE TEXTILE SUPPLY CHAIN

DUE DILIGENCE ELEMENTS OF ASSESSMENT

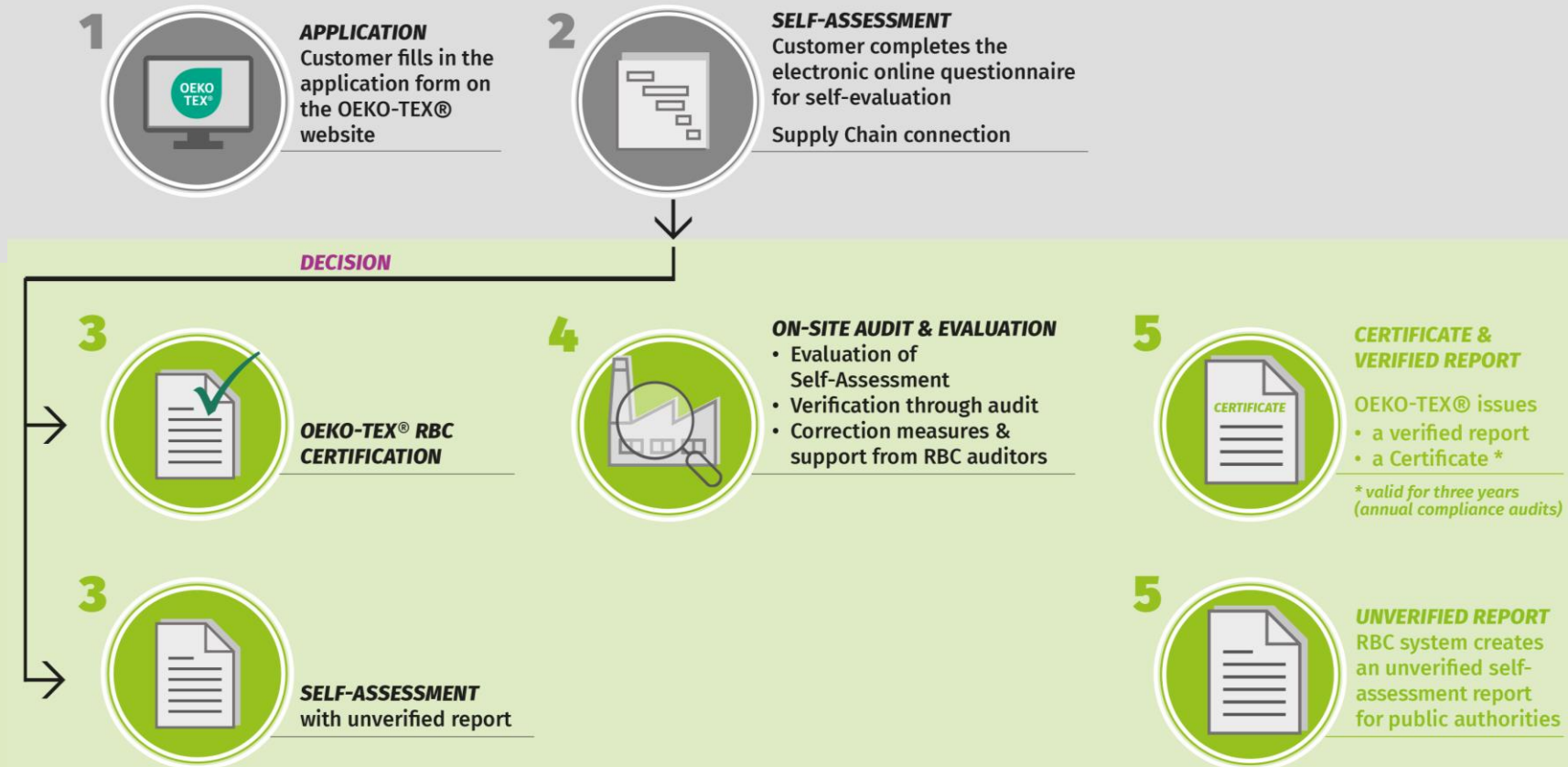
1. Code of Conduct
2. Risk analysis
3. Integration of appropriate measures
4. Continuous monitoring
5. Transparent communication
6. Complaints mechanism

WHO CAN APPLY OEKO-TEX® RESPONSIBLE BUSINESS?

→ retailers | brand groups | brands



OEKO-TEX® RESPONSIBLE BUSINESS PROCESS



The Green Button



HOHENSTEIN

**GRÜNER
KNÖPF**

SOZIAL. ÖKOLOGISCH. STAATLICH.
UNABHÄNGIG ZERTIFIZIERT.



GREEN BUTTON 2.0

THE TWO PILLARS

COMPANY AUDIT



CORPORATE DUE DILIGENCE

- Policy
- Risk-Analysis
- Measures
- Reporting
- Grievance mechanism

→ Green Button Audit
with HOHENSTEIN



REQUIREMENTS FOR SUSTAINABLE PRODUCTION PROCESSES

- Making up facilities
- Wet-processing
facilities

→ OEKO-TEX® MADE IN
GREEN



REQUIREMENTS FOR INPUT MATERIAL

Use of sustainable and
allowed materials

→ Virgin Polyester
OEKO-TEX® STANDARD 100



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