



**BUILDING A BRIGHTER
FOOD FUTURE**

SUPPORTING AND PROMOTING BIOLOGICALLY SOUND AND EQUITABLE AGRICULTURE.



 **HOW TO “Right Size”
Due Diligence Management Process
for Your Company**

Thursday, February 29, 2024
12pm PST / 3pm EST

Webinar with the OTCO Fiber & Textiles Team

- Elizabeth Tigan* – Fiber & Textiles Specialist
- Shana Meshbesh* – Fiber & Textiles Certification Officer
- Aaron Turner* – Certification Services Manager



RESOURCES – Click Images for Links



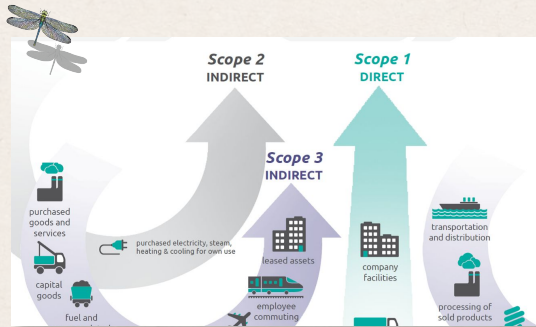
GOTS Forms on OTCO Website
Click image for link!



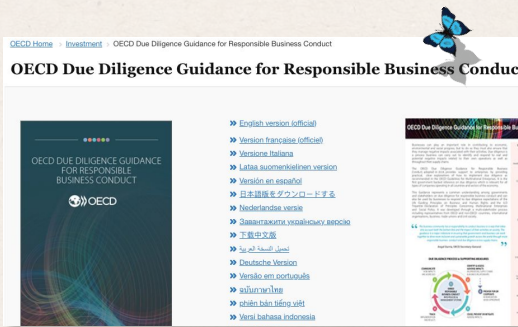
GOTS Due Diligence Handbook
Version 1.0 – Updated 9/2023



Global Organic Textile Standard (GOTS)
Version 7.0 – Updated 3/2023



EPA Center for Corp. Climate Leadership
Greenhouse Gas Emissions Resource



OECD Due Diligence Guidance
for Responsible Business Conduct



Fiber & Textile Team
fibertextile@tilth.org



WHY DUE DILIGENCE Is a Necessary Effort



OECD Guidance



Organization for Economic Co-operation and Development (OECD) started in 1961. Their work informs public decision-making, bringing together 38 member countries on key global issues.

from the Due Diligence Handbook:



By setting strict requirements for Certified Entities, the Global Organic Textile Standard underscores a broader commitment to ethical business conduct within the textile supply chain. This commitment aligns with ongoing regulatory developments requiring greater respect for human rights and the environment in business operations, such as Germany's Supply Chain Act, France's Vigilance Act, Norway's Transparency Act, and forthcoming EU regulations.





RESPONSIBLE BUSINESS CONDUCT POLICY



The Policy:

Each Certified Entity is required to have a ***Responsible Business Conduct Policy*** as the basis of their Due Diligence Plan.



HOW TO BUILD THE POLICY



Key Steps:

1. Acknowledge the “Six Steps” of Due Diligence Management Process
2. Include GOTS Criteria: Environmental; Human Rights; Social Criteria, as well as *Chemical Input Criteria – as needed*
3. Encompass all potential sector risks
4. Tailor policy to the specifics of your company
5. Articulate the expectations of suppliers and business partners



What does “*Right Size*” mean for the Responsible Business Conduct Policy?

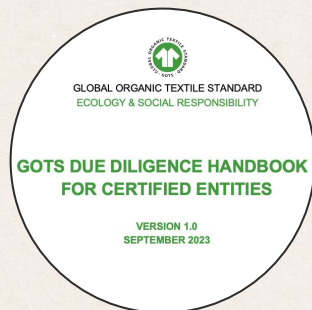
The Right Size for this policy is dependant on the extent of your involvement in the supply chain.





THE SIX STEPS

of Due Diligence Management Process



1 - Embed
The Policy



2 - Identify
& Assess



3 - Cease
Prevent & Mitigate



4 - Track
Implementation & Results



5 - Communicate
Impacts to All



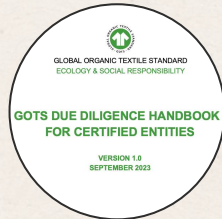
6 - Remediate
Accordingly





STEP 1

Embed the Policy



**The Policy must be
EMBEDDED into the
Company**

- **The responsibility for Due Diligence lies with Senior Management of the Certified Entity. It comes from the top.**
- Needs to be communicated publically, especially to company suppliers.
- Needs to be integrated into organizational decision making, etc.
- Adequate funding and time should be allotted for this requirement to ensure the framework is properly utilized throughout the system
 - Employee Training Programs, etc.



STEP 1 – EMBED THE POLICY



Large Operation

- Mgmt Teams + Board of Directors, etc.
- Corporate Social Responsibility (CSR) Policy & framework
 - *Rework CSR as necessary*



Mid-sized Operation

- NO Board? Owners + Upper Mgmt must be involved on some level
- May have easier time embedding due to size of company and ease of sharing information



Small Operation

- Checklist showing steps to take when new suppliers are added
- Make the policy part of the SOPs for your operation





STEP 2

Identify & Assess



Identify Risk & Assess Actual and Potential Adverse Impacts

- Risks must be viewed holistically across operations and entire supply chain, raw material production, through to manufacturing, then trade – all the way to the end consumer.
- GOTS calls this a **Scoping Exercise** and should be documented; a flow chart of materials and indications of issues at every level, as *applicable*.
- Consider origin countries of components
- Review parts of products that are NOT certified organic (accessories, etc.). Certified Entity should have a broad view of all vendors.
- Certified Entities should show meaningful engagement with the process.



STEP 2 – IDENTIFY & ASSESS



+



+



Large Operation

- May have “staff” to manage Corporate Social Responsibility Operations
- May have Vendor Relations Staff to manage onboarding
 - *Conduct Scoping Exercise as necessary*
 - Important to include employees in process

Mid-sized Operation

- Must assess impacts of their own staff & operations they purchase products from
- Smaller employee base may make for more straightforward process

Small Operation

- Risk assessment should be the most straightforward of all sizes
- Checklist from Due Diligence Handbook will be most effective way to track potential risks



STEP 3

Cease, Prevent, and Mitigate



Due Diligence Consideration & Adverse Impacts

- **CEASE:**
If you find behaviors that are high risk or are impacting the environment, women, or minorities in general – then you must CEASE the activity.
- **PREVENT:**
Every part of the supply chain must be considered... Take the information learned, then act on it.
- **MITIGATE:**
If issues are found, steps need to be taken to address the issues to ensure they don't happen again.



STEP 3 – CEASE, PREVENT, MITIGATE



Large Operation

+



Mid-sized Operation

+



Small Operation

No Matter Your Operation Size:

The key is to figure out what the issue is,
and then figure out how to stop it!

What happens with each Certified Entity (CE)
is relational to the type of work the CE does.

What matters is – ***Was it Effective?***



STEP 4

Tracking, Implementation, and Results



**Implementation Documented
& Progress Tracked**

- Progress should be tracked in a way that is easily shared with stakeholders and staff.
- Key Performance Indicators (KPIs)
- Certified Entities must share this info with staff
 - Red Flags & Worker Involvement should be monitored & documented
- We need you to be showing this information!
 - **Keeping the OTCO Form “FT10” up to date can be a great way to meet this requirement!**





STEP 4 – TRACKING, IMPLEMENTATION, & RESULTS



Large Operation

- Many large companies have qtrly tracking (KPIs, etc.) and Due Diligence KPIs can be built into that framework.
 - *Consider Annual Reports or Impact Reports to share this info*



Mid-sized Operation

- Results should be tracked in an easy-to-understand way.
 - *Certified Entities are most equipped to know how to best fit the framework into their protocols*



Small Operation

- With limited staff, ensuring that there is good record of any activities towards these goals is valuable



STEP 5

Communicate Impacts to All



Transparent Efforts to All Involved Stakeholders

- Your efforts should be known to all.
 - Most importantly, your **Stakeholders:** Employees, Board of Directors, Owners, Vendors & Suppliers, etc.
- Your process should be transparent and communicated publicly.
 - Website, Newsletter, bulletin board at the office.
- Use specifics as much as possible.
- Provide updates on progress.
- Protect confidentiality but also be transparent.





STEP 5 – COMMUNICATE



Large Operation

- Website with drop down menus or landing pages and polished documents



Mid-sized Operation

- Website or webpage with added links (social media, etc.)



Small Operation

- Newsletters or Blog Posts as part of email campaigns

Although these are not GOTS Certified Clients, check out these two examples of how others have already embraced the Due Diligence process on their websites:

[Chargeurs Fashion Technologies](#) & [Tekla Fabrics](#)



STEP 6

Remediate Accordingly



Transparent Efforts to Remedy Harm

- Any harm caused anywhere in your operations must be remedied
 - You are to cooperate if another Certified Entity is attempting to remedy the harm
- Varieties of grievance mechanisms in place
 - Anonymous or non-anonymous Complaint Box, an email that can be used to discover and research such concerns, etc.
 - Exists as a GOTS Standard provision, but not always transparent how it is used, etc.
- From the Manual for Implementation:
“Where a grievance mechanism is established it is based on the core criteria of Legitimacy, Accessibility, Predictability, Equitability, Transparency, and dialogue based”



STEP 6 – Remediation



Large Operation

+



Mid-sized Operation

+



Small Operation

No Matter Your Operation Size:

The key is that you take responsibility
by taking the necessary steps,
and then make it right, *within your abilities!*



Documentation



Documentation Checklist Available

in Due Diligence Handbook

(See pages: 59-61)

- You have made many efforts to assess, cease, prevent, mitigate, track, communicate and remediate. **Hopefully you have been taking care to document this along the way.**

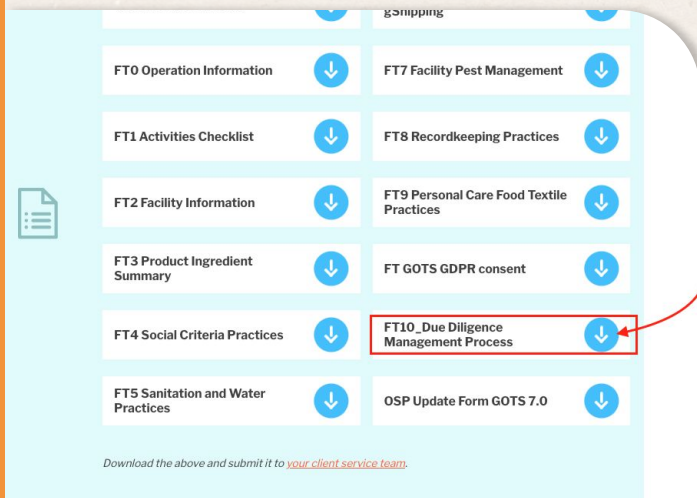




HOW TO Use the FT10 Form

OTCO Forms Webpage

(Click image below, then download form.)



This FT10 Form is your GUIDE... ...and your Cheat Sheet!



- Resource Heavy



- If you are answering “NO” to any sections of the form, read the question again and figure out how to make it a yes



- Please submit supporting documentation



- It's a Living Document - update when needed



Other Discussion Items



+ GOTS 7.0 Update Info

Living Wage Gap Assessment



+ GOTS 7.0 Update Info

Greenhouse Gas Emissions Requirement



+ GOTS 7.0 Update Info

OTCO OSP Update Form





GOTS 4.4.8.10

“The Certified Entity shall develop a plan to cover the Wage Gap and pay the Living Wage to its workers.”

Living Wage Gap Assessment

(Click image below for the calculator.)

Living Wage | calculator Articles

Living Wage Calculation for Benton County, Oregon

The living wage shown is the hourly rate that an individual in a household must earn to support themselves and/or their family, full time, or 2080 hours per year. The tables below provide living wage estimates for individuals and households with one or two workers and zero to three children. In households with two working adults, all hourly values reflect what one working adult requires to care for their families' basic needs, assuming the other adult also earns the same.

The poverty wage and state minimum wage are for reference purposes. Poverty wage estimates come from the Department of Human Services' [Poverty Guidelines](#) for 2024 and have been converted from an annual value to an hourly wage for ease of comparison. State minimum wage data is sourced from the [Labor Law Center](#) and includes the minimum wage in a given state as of January 1, 2024. For further detail, please reference the [Methodology](#) page. The data on this page was last updated on February 14, 2024.

	1 ADULT				2 ADULTS (1 WORKING)				
	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children	0 Child
Living Wage	\$23.87	\$43.73	\$58.07	\$75.74	\$32.44	\$39.52	\$44.79	\$49.54	\$16.2
Poverty Wage	\$7.24	\$9.83	\$12.41	\$15.00	\$9.83	\$12.41	\$15.00	\$17.59	\$4.9

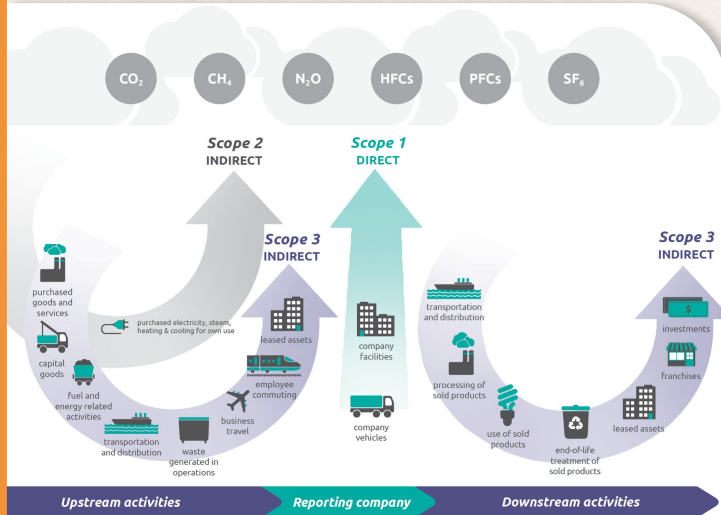
From Manual for Implementation:

- **Certified Entities are already calculating the Wage Gap!**
- **Make a Plan to Reduce the Gap**
This can be done annually until the wage gap is eliminated
- **Long Range Plan**
GOTS is not requiring an immediate solution but rather that employers work with their staff and their buyers to help support Living Wages



Greenhouse Gas Emissions Requirement

(Click image below for the GHG Page!)



- **Define a Greenhouse Gas (GHG) Emission Management**
Each Certified Entity must understand its emissions = Scope 1 & 2
- **Direct Emissions**
Scope 1 = Emissions created by the Facility
- **Indirect Emissions**
Scope 2 = Emissions purchased by the Facility (Electric, Gas, etc.)
- **Long Range Emissions**
Scope 3 = Emissions created by the downstream suppliers
- **Long Term Plan**
Scope 3 Emissions Reduction





OTCO OSP Update Form

OTCO Forms Webpage

(Click image below, then download form.)

FORMS & DOCUMENTS	
Terms and Conditions	FT6_ ReceivingStoragePackagingShipping
FT0 Operation Information	FT7 Facility Pest Management
FT1 Activities Checklist	FT8 Recordkeeping Practices
FT2 Facility Information	FT9 Personal Care Food Textile Practices
FT3 Product Ingredient Summary	FT GOTS GDPR consent
FT4 Social Criteria Practices	FT10_Due Diligence Management Process
FT5 Sanitation and Water Practices	OSP Update Form GOTS 7.0

Download the above and submit it to [your client service team](#).



- **A Self Assessment Form**
To Ensure Certified Entities are Ready



- **Collection of Critical Control Points**
Asses your own compliance here



- **ALL Previously Certified Entities**
Facilities & Subcontractors alike need to complete a form



- **We realize there is no box to click for Not Applicable**

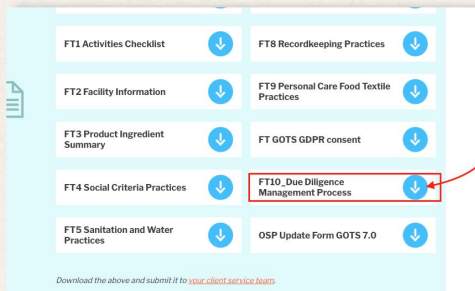
Blank boxes are OK

- **Attach Additional Documentation**
As applicable

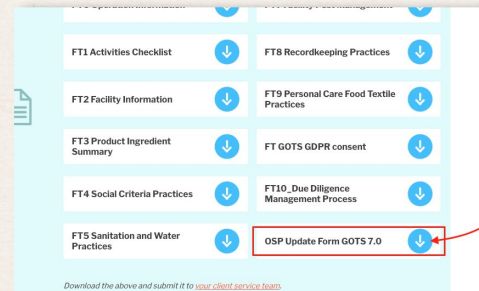


Documentation Checklist (See pages 59-61)!

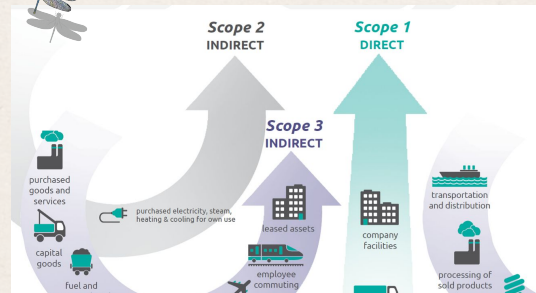
...MORE RESOURCES – Click Images for Links



FT10-Due Diligence Form Updated 9/14/2023



OSP Update Form GOTS Version 7.0 – Updated 9/14/2023



EPA Center for Corp. Climate Leadership Greenhouse Gas Emissions Resource

Living Wage calculator [Articles](#) [Methodology](#) [FAQs](#)

Living Wage Calculation for Benton County, Oregon

The living wage shown is the hourly rate that an individual in a household must earn to support themselves and/or their family, working full-time, or 2080 hours per year. The tables below provide living wage estimates for individuals and households with one or two working adults and zero to three children. In households with two working adults, all hourly values reflect what one working adult requires to earn to meet their families' basic needs, assuming the other adult also earns the same.

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	1 ADULT			2 ADULTS (1 WORKING)			2 ADULTS (BOTH WC)				
	0 Children	1 Child	2 Children	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Child	
Living Wage	\$23.87	\$43.73	\$58.07	\$75.74	\$52.44	\$39.52	\$44.79	\$49.54	\$16.22	\$24.39	\$31.11

Living Wage Gap Calculator MIT.edu – Calculator



Fiber & Textile Team fibertextile@tilth.org



Thank You Tilth Nation



We are glad to address any questions or provide clarifications at this time.



TILTH

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QUALITY OF CULTIVATED SOIL.

CULTIVATION OF WISDOM AND SPIRIT.



CERTIFICATION | EDUCATION | ADVOCACY

