



# DEVELOPMENT CO-OPERATION TIPS TOOLS INSIGHTS PRACTICES

## In practice

# GERMANY SUPPORTS SUSTAINABLE TEXTILE PRODUCTION

### Key messages

Most of the 75 million people employed worldwide in the textile and garment industry work in developing countries where production and working conditions do not meet international standards. Ensuring social and environmental sustainability in the global supply chain is vital. Germany combines consumer information, a multi-stakeholder partnership and a consumer label (the Green Button) to promote more sustainable textile value chains. Today, partnership members cover half of the German textile market, and nearly 80 German companies use the Green Button label, which is recognised by 40% of German consumers. The 2021 German Supply Chain Act will further strengthen due diligence and create a level playing field for companies.

### Keywords

[Environment and climate](#) | [Global goods and challenges](#) | [Policy coherence](#)

### Key partner

[Germany](#)

### Challenge

More than 75 million people work in the textile and garment industry worldwide, the majority of them in developing countries. Production and working conditions for most workers do not meet international environmental and social standards. Health and environmental conditions, safety, terms and conditions, wages, working hours, and workers' ability to organise all need to improve. Customer choice is an important driver of responsible business conduct. Many consumers are interested in buying sustainably produced textiles, but to do so they need to be easy to identify.

### Approach

To address the many challenges in this complex global supply chain, Germany's Federal Ministry for Economic Cooperation and Development (BMZ) uses a smart mix of voluntary and mandatory measures through a three-pronged approach – working with business to improve supply chains, working with

consumers to help them understand textile labels and establishing a government-awarded certification label:

1. The [Partnership for Sustainable Textiles](#), established in October 2014, brings together businesses, government, civil society, trade unions and standard-setting organisations to find common solutions for improving social and environmental conditions in the global textile and garment industry and achieve substantial improvements in their global supply networks. Participating companies make individual social, environmental and economic commitments.
2. The [Siegelklarheit credible label directory](#) launched by BMZ in 2015, provides information for consumers on the credibility of the environmental and social labels used in the textile industry.
3. The government-awarded voluntary certification label established in 2019, the *Grüner Knopf* or [Green Button](#), helps consumers make informed decisions when buying sustainable clothes, bedding and other textile products. To earn the Green Button label, a product must meet 26 social and environmental standards and comply with 20 due diligence requirements based on [United Nations](#) and [OECD](#) standards. Highly credible [certification systems](#) are used to demonstrate compliance.

The [German Due Diligence Act](#), adopted by parliament in June 2021, will support this approach by establishing a level playing field for large companies in terms of transparency and responsibilities in their supply chains.

## Results

- **Consumer awareness:** In its second year on the market, Green Button has gained considerable consumer recognition and interest by the textile industry, both in Germany and abroad. More than 40% of German consumers recognise the label, and 20% have already bought a labelled product.
- **Growing business engagement:** The Partnership for Sustainable Textiles counts 90 business members, covering roughly half of the German retail market. Nearly 80 companies are offering Green Button products and the first non-German company was certified in December 2020. At the time of writing, several companies – including other European textile producers – were being audited. Approximately 90 million Green Button-certified products were sold in 2020. Green Button is also of increasing importance for the procurement sector, both private and public. Public transport companies, hospitals, police units, hotels and others are using Green Button-certified textiles to underline their sustainability efforts.
- **Wider benefits:** Strong engagement with textile companies, especially for implementing due diligence requirements, has forged partnerships and helped to build expertise in BMZ that was highly valuable for its work on the due diligence legislation adopted on 11 June 2021.

## Lessons learnt

- **Taking a phased approach allows for constant improvements:** Green Button began in September 2019 with a pilot phase (Green Button 1.0). This was followed by a public consultation process, feedback from which shaped due diligence requirements for Green Button 2.0. It will be launched in the summer of 2022. These are expected to cover steps towards living wages; the further development of grievance mechanisms, policy and reporting; meaningful engagement with affected stakeholders; embedding due diligence within companies, and expanding supply chain management.
- **External assessments can strengthen the approach:** An [OECD due diligence assessment](#) of Germany's Partnership for Sustainable Textiles (PST) made valuable recommendations, helping Germany to revise the PST third-party review process to include an implementation framework and a reporting format for due diligence.
- **Multi-stakeholder partnerships and labels are valuable** for addressing the many challenges in the complex textile supply chain. The implementation of the Partnership for Sustainable Textiles, *Siegelklarheit* initiative and the Green Button label have shown that a range of approaches are needed to create a textile label and for consumers to understand and have confidence in it.
- **Complementing voluntary measures with mandatory due diligence legislation ensures a level playing field for companies.** The [German Supply Chain Act](#) contributes to a smart mix of voluntary and mandatory measures, in line with the [UN Guiding Principles of Business and Human Rights](#).

## Further information

BMZ, *The Green Button*, <https://www.bmz.de/en/development-policy/green-button>.

The Green Button website, [www.gruener-knopf.de/en](http://www.gruener-knopf.de/en).

The Green Button documents, <https://www.gruener-knopf.de/en/downloads>.

United Nations (2011), *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*, United Nations, New York, [http://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr\\_en.pdf](http://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr_en.pdf).

## OECD resources

OECD (2021), *OECD Development Co-operation Peer Reviews: Germany 2021*, <https://doi.org/10.1787/bb32a97d-en>.

OECD (2020), *Assessment of the German Partnership for Sustainable Textiles (PST)*, <https://mneguidelines.oecd.org/Alignment-Assessment-Partnership-Sustainable-Textiles-PST.pdf>.

OECD (2018), *OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector*, <https://dx.doi.org/10.1787/9789264290587-en>.

OECD, *Responsible business conduct (RBC) OECD Guidelines for Multinational Enterprises*, <https://mneguidelines.oecd.org>.

## To learn more about Germany's development co-operation see:

OECD, "Germany", in *Development Co-operation Profiles*, <https://doi.org/10.1787/0079f636-en>.

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