bluesign® SYSTEM

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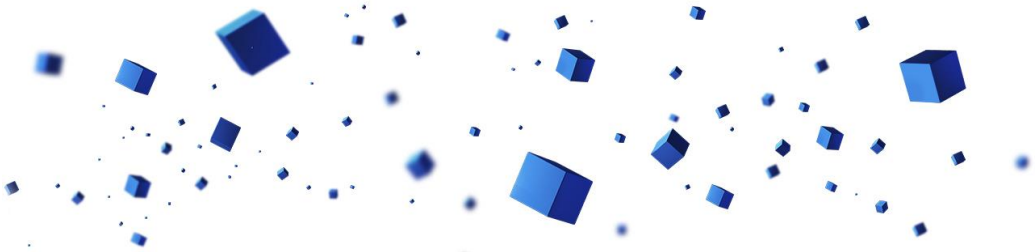


Contents

1 The bluesign® SYSTEM

The textile and apparel industries and their related sectors are characterized by a distributed and diverse global supply chain. The industries increasing resource demand and hazardous chemicals usage along the supply chain leave behind a large negative impact for the environment and society alike.

To counter-act these negative impacts, the bluesign® SYSTEM is a comprehensive, full-package service solution for chemical suppliers, textile and trim manufacturers and brands. This premium solution is a support mechanism for the entirety of a supply chain providing the necessary tools for the promotion, adoption, and implementation of safe chemicals usage and responsible practices within factories and mills.

The implementation of the bluesign® SYSTEM fosters occupational safety and a reduction in negative environmental impacts. These reductions potentially include water use reduction, wastewater reduction, energy use reduction, reduction in the overall use of chemicals, and the eradication of hazardous substances through the implementation of smarter chemistry and Best Available Technique (BAT). This is made possible due to the Input Stream Management approach. This approach dictates that using BAT and eliminating hazardous chemicals from the beginning and throughout the supply chain will produce safe end products and safer working environments.

Company ratings showing sustainability performance and environmental key performance indicators (eKPIs) can be verified through the Bluesign data-driven system. These data driven metrics allow for greater connection and traceability to the supply chain partners and give the opportunity to present company developments to customers, resulting in increased value-based propositions.

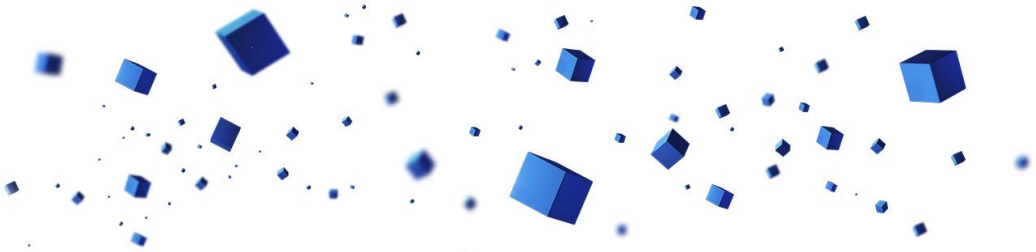
Bluesign prides itself on a circle of continuous improvements by upholding the most stringent criteria. The integrity of the system is contingent on the system partners commitment to these criteria. To this end, Bluesign undertakes regular monitoring of partners factories and mills. This system wide commitment will benefit an organization's business value, increase occupational safety, grow consumer trust, and improve the industries overall bottom line.

Bluesign envisions a responsible and sustainable textile and apparel manufacturing industry which actively works to support the United Nations Sustainable Development Goals (UN SDG). This vision creates a path for the industry to follow: *The Blue Way*. This path provides services and tools for companies along the supply chain, in which the bluesign® SYSTEM is a holistic solution.

1.1 Focus areas

The bluesign® SYSTEM focuses on three areas:

Figure 1.1: The three focus areas of the bluesign® SYSTEM



1.2 People

Production processes along the textile and textile-related supply chain, as well as the use of textiles, can be harmful to people:

- **Workers** at production sites can be exposed to dangerous workplace situations – characterized by the handling of hazardous substances or other hazardous processes. It is an essential duty of a bluesign® SYSTEM PARTNER to provide a safe workplace for their employees, which requires continuous and systematic actions in the framework of a company OH&S program, and to ensure compliance with ILO fundamental principles and rights at work.
- **Consumers** wear and use textiles. Through close contact, hazardous substances can enter the body and harm the health of consumers. By applying chemicals change management and excellent process control and complying with restrictions and bans on substances in chemical and textile products, bluesign® SYSTEM PARTNERS ensure the best possible consumer safety.

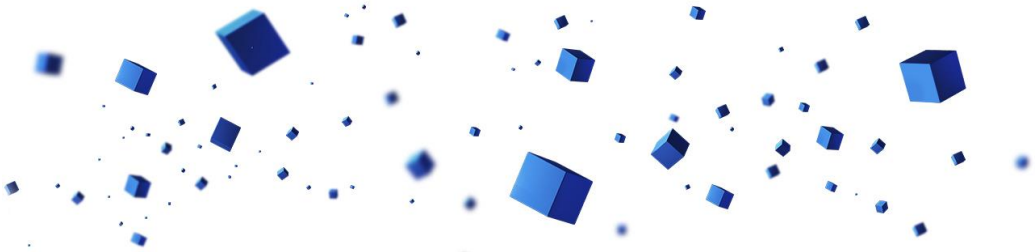
1.3 Environment

Various processes are used and various chemicals are needed along the textile and textile-related supply chain. These may lead to emissions that can have detrimental effects on the environment. Emissions to water, air and soil must kept as low as possible by bluesign® SYSTEM PARTNERS by means of input stream management, chemicals management and use of the Best Available Techniques (BAT). bluesign® SYSTEM PARTNERS must comply with the emission limits defined by bluesign® CRITERIA.

1.4 Resources

As the world's population continues to grow and available resources are shrinking in some regions, responsible management of resources is becoming not only an environmental consideration but also an ethical consideration. The focus on preservation of human health and a clean environment – by effectively and efficiently managing water, energy, chemicals and raw materials during production – is the goal for all bluesign® SYSTEM PARTNERS.

They must aim to reduce their environmental footprint in terms of as energy and material input per kilogram of manufactured product. The bluesign® SYSTEM helps optimize process efficiency by minimizing both energy and material input. The first step is to evaluate the available data about water, energy, chemicals and raw materials consumption. This is followed by an in-depth analysis and benchmarking of the results compared to publicly available data and numbers shared by other system partners. Finally, BLUESIGN provides solutions on potential resource efficiency improvements that are supported by corresponding Best Available Techniques (BAT).



2 Scope

The scope of the bluesign® SYSTEM includes the textile and leather supply chain, from chemical suppliers to manufacturers to brands or from chemical products to consumer goods.

3 Definitions

3.1 bluesign® SYSTEM PARTNER

A company committed to the bluesign® SYSTEM and holding a valid bluesign® SYSTEM PARTNER agreement. Compliance with the exclusion criteria is a precondition for system partner status.

3.2 Manufacturer

A company that produces textile articles (at all processing levels), leather and/or accessories.

3.3 Chemical supplier

A company that under its own trade name markets chemical products, such as auxiliaries, dyestuffs or other chemical products, for the production of textiles, leather and/or accessories. A chemical supplier may be a manufacturer, a formulator or a rebrander of chemical products. A producer of chemical products that directly uses the produced chemicals for downstream processing of articles is also considered to be a chemical supplier.

3.4 Brand

Originator of the final product delivered to the end consumer (e.g. apparel, equipment) and owner of any associated label/trademark.

3.5 Converter

A converter, within the scope of the bluesign® SYSTEM, is a company that buys and sells textile articles (at all processing levels), finished leather articles and/or accessories for use in the textile and leather industry, without involvement of their own production processes. A converter does not have any installed chemical or physical finishing operations, but sources from a lower-level supplier or places orders with subcontractors. The properties of the original products are not modified. Changes to lot sizes or packaging are common.

3.6 Production site

A stationary technical unit that is under the control of a legally independent entity, including any directly related activities that have a technical connection to the activities carried out at the site that could have an effect on emissions.

For a comprehensive list of terms and abbreviations, see the document *bluesign® glossary*.

4 bluesign® SYSTEM partnership

The network of bluesign® SYSTEM PARTNERS consists of chemical suppliers, manufacturers of textile and leather products and accessories, converters and brands. Agreements between a system partner and BLUESIGN specify the appropriate scope of the system partnership. Respective bluesign® CRITERIA and bluesign® GUIDELINES and GUIDANCE SHEETS form part of the agreements and are binding on the system partner.

The bluesign® SYSTEM PARTNERS strive for a high level of safety for people, responsible use of resources, and continual improvement of environmental performance. Within their possible sphere of influence, the system partner shall integrate the selected conventions of the International Labour Organization (ILO) into their company policy (see *Chapter 8.1.1*).

To meet the prescribed criteria, all involved parties must follow a clearly defined and uniform procedure. Depending on the industry sector, the following main milestones and actions are defined:

- Completion of an initial bluesign® COMPANY ASSESSMENT according to a Clean Factory approach
- Signing the bluesign® SYSTEM PARTNER agreement
- Implementation of mandatory actions within a given time frame
- Further continual improvement and capacity building following an agreed, itemized road map and monitoring of improvements by means of regular/frequent bluesign® COMPANY ASSESSMENT

System partners in the chemical industry with

- appropriate environmental and OH&S performance;
- excellent Product Stewardship;
- company assessment with acceptable results; and
- successful application for chemical assessment

can register bluesign® APPROVED chemicals in bluesign® FINDER, the search engine for preferred chemicals.

Articles/processes of bluesign® SYSTEM PARTNERS in the manufacturing industry that

- comply with chemicals change management requirements defined by BLUESIGN; and
- demonstrate appropriate environmental and OH&S performance;

can be certified after successful application. Certified articles/processes are registered in the search engine bluesign® GUIDE.

5 Input stream management (manufacturer)

Instead of focusing only on finished products, input stream management also integrates the upstream parts of the supply chain.

Suitable input stream management and process control ensure that the final product is of defined quality, that the manufacturing process conforms to the legal requirements and to the bluesign® CRITERIA, and that both the manufacturing process and the final product have the least possible impact on people and the environment. system partners are encouraged to apply the substitution principle (especially for carcinogenic, mutagenic and reprotoxic (CMR) substances, endocrine disruptors and sensitizing substances) by preferably

- avoiding activities with hazardous substances;
- replacing hazardous substances by substances, preparations or procedures that under the respective conditions are not harmful to health or are less harmful;
- replacing hazardous procedures by less hazardous ones.

Harmful substances are therefore minimized or even eliminated right from the start.

Figure 5.1: Input stream management

The manufacturer's goal shall be to use only bluesign® APPROVED chemical products. By means of chemicals change management, chemicals not listed in bluesign® FINDER must be phased out or replaced as soon as possible. Considering that the phase-out or replacement of chemical products from non-system partners often involves time consuming activities such as

- adaption of recipes;
- lab and production trials,
- additional lab testing;
- modified sourcing;
- creation/expansion of the bluesign® SYSTEM PARTNER network;

any changes to the chemical products portfolio of a manufacturer can only be made step by step.

The bluesign® CRITERIA reflect this situation by means of a stepwise phase-out procedure for chemical products from non-system partners during the implementation phase of the bluesign® SYSTEM.

bluesign® FINDER, with its positive list of bluesign® APPROVED chemical products, plays an important role in the chemical substitution process and shall be integrated into the chemicals management system of every manufacturer.

6 Product stewardship (chemical supplier)

Chemical companies have full responsibility for the products they manufacture, purchase, store and market or sell to their customers. Along with appropriate environmental performance and OH&S management, product stewardship shall be a main focus of the system partner.

Product stewardship means taking responsibility for the manufactured products with the aim of minimizing any negative impact on the health and safety of workers, consumers, or the environment.

Figure 6.1 shows an overview of all areas related to Product Stewardship.

Figure 6.1: Product stewardship activities in the chemical industry

Effective product stewardship can only be achieved by accurate understanding of the chemistry of the products and their hazard potentials, followed by communication.

These tasks require effective collaboration between the various departments of a chemical company and the external stakeholders through the product life cycle.

6.1 Input stream management

A prerequisite for effective input stream management at the chemical production site is careful selection of raw materials suppliers and clearly defined purchasing specifications.

The aims of input stream management at the chemical supplier are:

- to have sufficient knowledge about raw materials (active components) and to be able to provide adequate information on byproducts with relevance to humans and the environment;
- to establish specifications for raw materials with regard to the desired quality and lowest contamination with impurities;
- to be able to trace contamination back from a finished product batch sold to a customer to the corresponding raw material batches;
- to establish suitable lab competences according to the requirements of ISO 17025 for lab management (if testing is subcontracted, ISO 17025 certified laboratories shall be engaged).

6.2 Hazard assessment and communication

For the safe use of chemicals and for avoiding negative environmental impact, it is necessary that the hazards associated with each product are communicated properly both internally to potentially affected workers and externally to customers. System partners shall provide in SDS (Safety Data Sheets) exemplary hazard and safety information to their customers based on the Globally Harmonized System (GHS) and provide recommendations for use by means of a Technical Data Sheet (TDS).

In addition to SDS, TDS and mandatory GHS data, there shall be a comprehensive data set regarding the recipe of the formulation (mixture) and the characterization of the mixture required for chemical assessment by means of the bluesign® TOOL the web-based software application for chemical assessment and rating of chemicals.

7 bluesign® CHEMICAL ASSESSMENT

The bluesign® CHEMICAL ASSESSMENT considers environmental release, worker exposure and consumer safety.

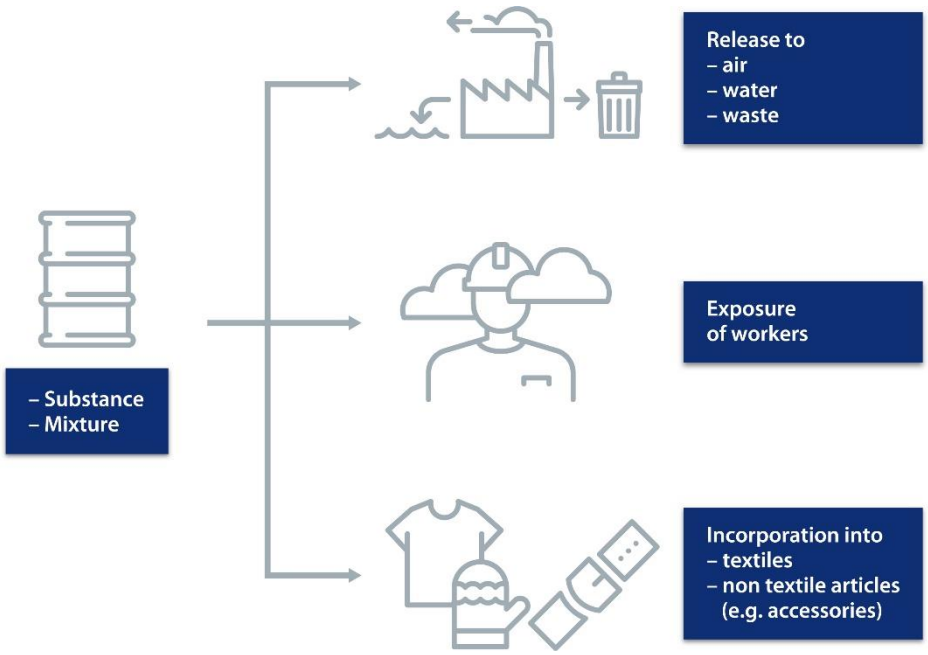


Figure 7.1: Overview of bluesign® CHEMICAL ASSESSMENT

The methodology of the bluesign® CHEMICAL ASSESSMENT is described in full detail in the document bluesign® *CRITERIA for CHEMICAL ASSESSMENT*.

The chemicals used in the production of textiles and leather generally fall into two categories:

- Effect chemicals: designed to remain in the finished product ("fixed", e.g. colorants, easy-care finishes, etc.); only very small amounts of these substances will be present in the wastewater effluent or the off-gas
- Process chemicals: used to support finishing processes (e.g. leveling agents, wetting agents) or to pretreat raw materials (e.g. detergents); may be completely discharged into the wastewater during production

Aside from basic chemicals – mostly used as process chemicals (for example, sodium hydroxide or acetic acid) – all chemical products used in manufacturing are mixtures or formulations.

The possible consequences for workers, consumers and the environment depend on which of the above categories the chemical belongs to. Figure 7.2 depicts a chemical product (mixture or formulation), that often contains an active substance, additives and impurities. However, in many cases it is not the active substances but instead the additives (e.g. dispersing agents in dyes) or the impurities (e.g. monomer residues in polymers) that cause a negative impact on people and/or the environment. Therefore, the bluesign® CHEMICAL ASSESSMENT also considers these types of substances.

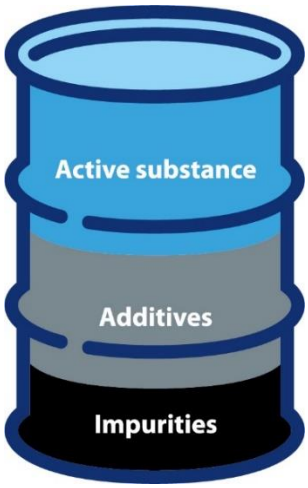


Figure 7.2: Components of a chemical product

The bluesign® CHEMICAL ASSESSMENT addresses various assessment routes:

- Restriction and banning of substances in mixtures
- GHS classification of the mixture
- Additional environmental parameters (AOX, etc.)
- Air emission data
- Occupational Health and Safety (OH&S) limits
- Consumer safety limits

A chemical product must fulfill the requirements of each assessment route independently.
The outcome of this assessment can be:

- Assessment criteria fulfilled without restriction (**"blue rated" chemical product**)
- Assessment criteria fulfilled but special care must be taken during use, or not suited for all products or processes (**"grey rated" chemical product**)
- Assessment criteria not fulfilled (**"black rated" chemical product**)

Assessment criteria are established in an IT tool: the bluesign® TOOL, which supports the assessment process and provides the interface between the chemical supplier and BLUESIGN.

All input from the system partners to the bluesign® TOOL is checked by BLUESIGN experts with regard to completeness, correctness and reliability. Data on impurity concentrations of substances in mixtures must be verified by the system partner by an appropriate testing program.

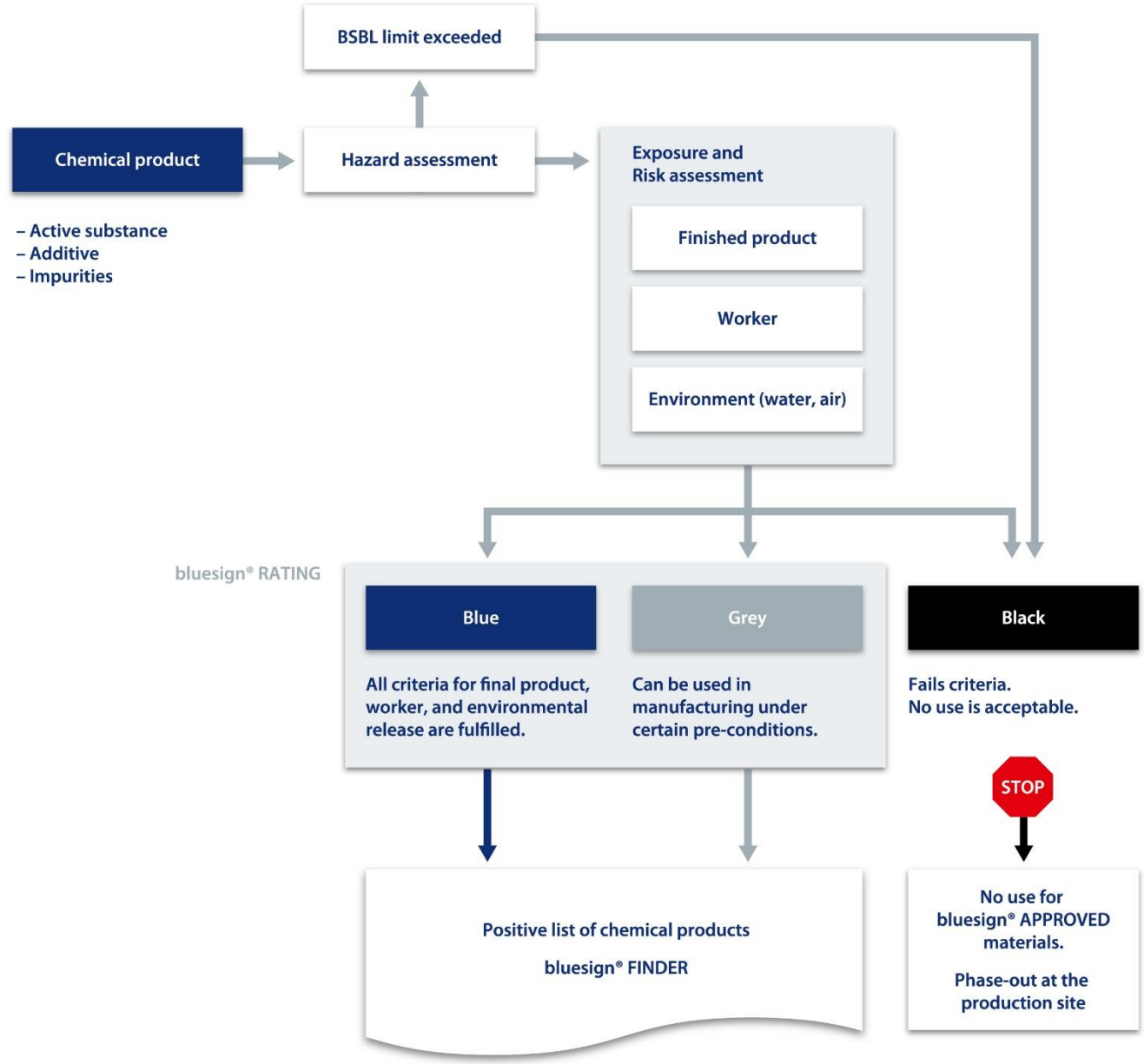
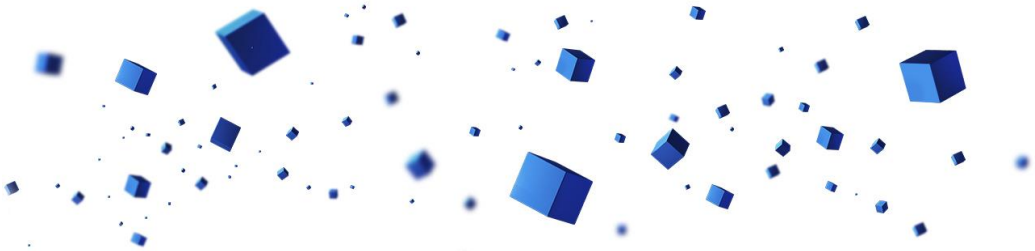


Figure 7.3: bluesign® CHEMICAL ASSESSMENT



7.1 Consumer safety

Risk assessment calculations are performed for the following exposure routes:

- Dermal
  - acute
  - chronic
- Oral
  - mouthing (contact with or in the mouth for an extended period of time)
  - swallowing
- Inhalative
  - acute
  - chronic

Knowing typical application scenarios and emission pathways for the down-stream use of the chemical products (e.g. in the textile manufacturing) a conclusion on concentration limits of a substance in a chemical product (in mg substance per kg mixture) can be drawn based on the concentration of a substance in a textile (in mg substance per kg textile). In other words, the calculated consumer safety limit of the substance on the textile is triggering the limit for this substance in the chemical product.
The result of consumer safety limit calculations is documented in the *bluesign® system substances list (BSSL) Consumer safety limits* .

7.2 Restriction and banning of substances

Hazard identification and knowledge of exposure, followed by a risk assessment of chemical substances present intentionally or unintentionally in the chemical product, is one of the assessment routes. Based on the detailed knowledge and data provided by bluesign® SYSTEM PARTNERS in the chemical industry, a well-founded assessment of the chemical products can be performed.

The methodology for restriction and banning of substances, which considers worker exposure, consumer safety and environmental aspects, is based on:

- Hazard assessment of chemical substances
- Evaluation of exposure scenarios (human and environment) depending on the application situation of the chemicals contained in a mixture
- Risk assessments for finished products (consumer safety), workers and the environment

In light of this, the following methodology is applied for the bluesign® CHEMICAL ASSESSMENT:

With the hazard-based (precautionary) approach:

- Limits are defined for substances in mixtures or formulations independent of any application/exposure scenario and purely based on a precautionary/hazard-based principle. The outcome is a ban on the use of substances (e.g. CMR 1A/1B (carcinogenic, mutagenic and reproductive toxic substances), POPs (Persistent Organic Pollutants), SVHC (Substances of Very High Concern)). Intentional use of these substances or substance groups in the manufacturing of articles is prohibited. This means that chemical products (e.g. colorants or textile auxiliaries) used for the manufacturing of articles must not intentionally contain these substances or substance groups. These substances and the related fixed threshold limits are compiled in the BSBL.

With a risk-based approach:

- A set of individual limits for additional substances in mixtures is derived, considering process and application conditions. This means that for these substances, a risk assessment based on hazard identification and related exposure scenarios is performed for each relevant type of application. These limits depend on the application scenario and are therefore variable. Calculation is performed using the bluesign® TOOL.

7.3 bluesign® RATING of chemicals, bluesign® FINDER

Chemical products supplied by system partners are rated and assigned to one of three possible categories: blue, grey or black.

Chemical products that comply with the bluesign® CRITERIA are classified as blue or grey:

- Blue rated chemical products entirely fulfill the requirements of the bluesign® CRITERIA based on realistic worst-case exposure scenarios and may be used for all applications.
- Grey rated chemical products may be used in production only under certain conditions. The principle of the Best Available Techniques (BATs) must be followed in this case.

Chemical products that do not meet the strict requirements of the bluesign® CRITERIA are classified in the black category and must be eliminated from the manufacturing process. The bluesign® CHEMICAL ASSESSMENT provides the basis for developing a positive list of blue and grey chemical products, which shall solely be used in the manufacturing processes of bluesign® SYSTEM PARTNERS. The list is available as a web-based application: bluesign® FINDER.

7.4 BSBL, BSSL, RSL

7.4.1 BSBL (threshold limits for chemical substances in chemical products)

The *bluesign® system black limits (BSBL)* specify threshold limits for chemical substances in finished chemical products, such as auxiliaries or dyes. The compilation of BSBL substances is an excerpt of the bluesign® TOOL and includes all substances in the publicly available *bluesign® system substances list (BSSL) Consumer safety limits* for which a ban on use in articles is defined. It is not recommended to disseminate the BSBL in the supply chain with the aim of obtaining a declaration of compliance. Only Input Stream Management starting at the chemical supplier can ensure BSBL compliance. The BSBL are publicly available and updated yearly.

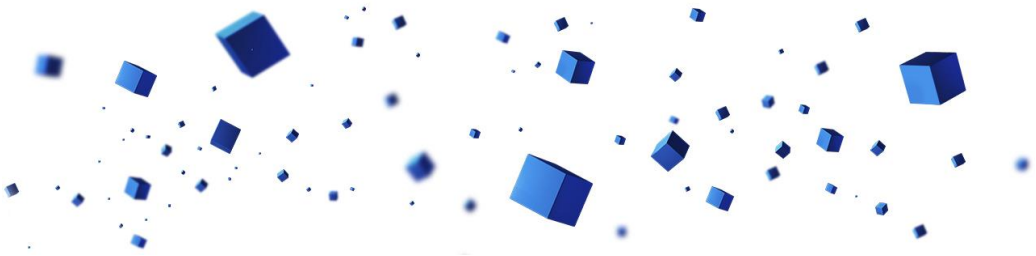
7.4.2 BSSL (consumer safety limits)

BSSL specifies limits for chemical substances in articles (consumer safety limits). More than 800 chemical substances are listed. It is not recommended to disseminate the BSSL in the supply chain with the aim of obtaining a declaration of compliance. Only Input Stream Management and application of the appropriate processes in manufacturing can ensure BSSL. The BSSL is publicly available and updated yearly.

7.4.3 Usage ranges

Usage ranges classify consumer goods (products) according to their consumer safety relevance. Three usage ranges (A, B, C) are defined, with A being the most stringent for consumer safety limits in the BSSL:

- Use range A: Next to skin use and baby-safe (0 to 3 years)
- Usage range B: Occasional skin contact
- Usage range C: No skin contact



7.5 RSL

bluesign® RSL (Restricted Substances List) is an extract of the BSSL and contains consumer safety limits and recommended testing methods for the most important and legally restricted substances in textile/leather articles and accessories. Brands/retailers can use the RSL as an orientation for terms and conditions of purchase, and together with a testing matrix as a guide for appropriate testing of articles (such as textiles). The RSL is revised in alignment with the BSSL. For system partners there is an RSL template that brands can use with their own logo. A PDF version of bluesign® RSL is available on www.bluesign.com.

8 bluesign® CRITERIA at a glance

The bluesign® CRITERIA define requirements for inputs, production sites, converters, brands and products. They consist of the following documents:

- *bluesign® CRITERIA for production sites + Annexes*
- *bluesign® CRITERIA for converters*
- *bluesign® CRITERIA for brands*
- *bluesign® CRITERIA for chemical assessment*
- *bluesign® CRITERIA for approved chemical product and articles for industrial use and commission processes*
- *bluesign® CRITERIA for bluesign® APPROVED chemical products for end consumer use*
- *bluesign® CRITERIA for bluesign® PRODUCT*

The official language for bluesign® CRITERIA and relevant binding documents is English, so the English version is definitive. Translations are only for informational purpose. In case of inconsistency, the English version takes precedence.

Criteria for brands focus on the brand´s product design and supply chain management, as well as the brand´s activities. For converters the main aspect is traceability. The criteria related to trademarks are summarized in Chapter 9.

The bluesign® CRITERIA for production sites are be described in more detail below.

8.1 bluesign® CRITERIA for production sites

These criteria focus on:

- Legal compliance
- Management systems
- Input stream management (manufacturer)
- Product stewardship (chemical supplier)
- Resource productivity
- Emission management
- Occupational Health and Safety

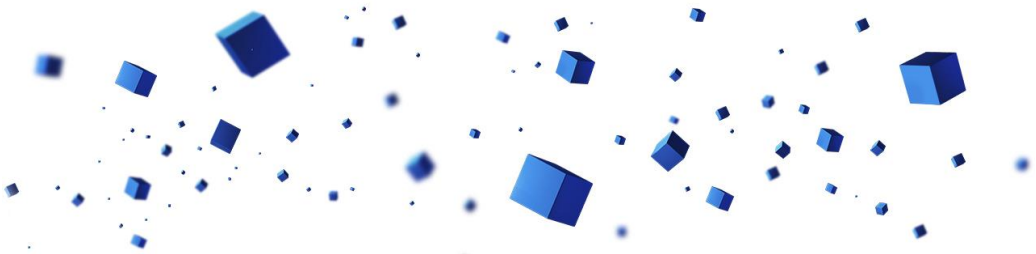
The criteria are meant to provide guidance to the system partners with regard to optimization of environmental performance and minimization of the impact on people and the environment.

All activities at the production site(s) of a bluesign® SYSTEM PARTNER shall be guided by the following principles:

1. The activities performed at the production site must not have any harmful impact on human beings, animals, plants, soil, the aquatic system or the atmosphere.
2. A high level of human health and environmental protection shall be ensured, with the goal of achieving sustainable development.
3. A bluesign® SYSTEM PARTNER shall be aware of the Best Available Techniques (BAT) that are relevant for the industry and shall implement these techniques to continuously improve environmental performance.

In the light of the current global environmental situation and impending climate change, this means in particular:

- Supporting the UN Sustainable Development Goals (SDG)
- Reducing Greenhouse gases (GHG) emissions



The requirements for production sites defined by the respective criteria as well as Guidelines and Guidance Sheets are reviewed by an assessment/on-site inspection carried out by BLUESIGN. The results are summarized in an assessment report. The report includes, among other things, a decision of BLUESIGN on the compliance of the company with the relevant bluesign® CRITERIA. In case of non-conformities, corrective actions and a schedule are specified in a road map. Recommendations for continuous improvements are also provided. Finally, the assessment report concludes whether or not a system partnership is recommended.

8.1.1 Social responsibility

Generally, all bluesign® SYSTEM PARTNERS shall prohibit all forms of physical and verbal abuse, intimidation, sexual harassment and abusive punishment or disciplinary measures. A bluesign® SYSTEM PARTNER shall establish clear employment relationships by providing a written employment contract to each employee and shall work against corruption in all its forms.

Further, a bluesign® SYSTEM PARTNER shall confirm, by agreement, compliance with the following principles and rights at work from selected International Labour Organization (ILO) conventions:

I. Employment is freely chosen in accordance with the Forced Labour Convention (No. 29) and the Abolition of Forced Labour Convention (No. 105)
   - There is neither forced or compulsory labour in the sense of work or service, nor are workers obliged to store their identity papers with their employer. Workers shall be free to terminate their employment after reasonable notice.

II. Freedom of association and the right to collective bargaining are respected in accordance with the Freedom of Association and Protection of the Right to Organise Convention (No. 87) and the Right to Organise and Collective Bargaining Convention (No. 98)
   - For furthering and defending their interests, workers or employers are enabled to form organizations. Also, a worker shall be able to join an organization while being protected against acts of anti-union discrimination in respect of their employment by their employer, that has an open attitude towards the activities of trade unions and their organisational activities.

III. Child labour shall not be used, in accordance with the Minimum Age Convention (No. 138) and the Worst Forms of Child Labour Convention (No. 182)
   - There shall be no new recruitment of child labour. Further, persons younger than 18 years shall not be employed at night or in hazardous conditions.

IV. No excessive working hours are allowed in accordance with the Hours of Work (Industry) Convention (No. 1) and the Weekly Rest (Industry) Convention (No. 14)
   - Working hours shall never exceed 48 hours per week and shall comply with national laws or with common industry standards, if they provide greater protection. Voluntary overtime shall neither exceed 12 hours per week, nor be demanded on a regular basis, nor represent a significantly higher likelihood of occupational hazards and shall be compensated appropriately

V. No discrimination is practised, in accordance with the Equal Remuneration Convention (No. 100) and the Discrimination (Employment and Occupation) Convention (No. 111)
   - There is no form of discrimination, e.g. in hiring, compensation, access to training, promotion, termination or retirement, based on race, caste, ethnic or national origin, nationality, religion, age, disability, gender, marital status, sexual orientation, union membership, political affiliation, social background, or any other condition that could give rise to discrimination.

VI. Equality of all women in the workforce shall be promoted and pregnancy shall be protected in accordance with the Maternity Protection Convention (No. 183)

- Women – during and after pregnancy – shall be ensured appropriate health protection, including a maternity leave of at least 15 weeks, leave in case of illness or complications, medical benefits as well as employment protection and non-discrimination.

These requirements and conventions shall be applicable to the working conditions of employees, irrespective of full-time, part-time or under a subcontract. Further, they illustrate the basic requirements for social responsibility, and BLUESIGN

- generally, encourages all bluesign® SYSTEM PARTNERS;

and

- obliges Tier 1 bluesign® SYSTEM PARTNERS as well as bluesign® SYSTEM PARTNERS during whose bluesign® ASSESSMENT an obvious abuse of one of the principles and rights is identified;

to implement a production site-wide social responsibility program, which is assessed by the

- ☐ Fair Wear Foundation
- ☐ SA8000 – Social Accountability International (SAI)
- ☐ Fairtrade Textile Production
- ☐ Fair Labour Association (FLA)
- ☐ World Fair Trade Organization

and/or

- ☐ participating in the Social Labor Convergence Project (SLCP)

and which is appropriately followed up for continual improvement. In case the social responsibility program is assessed by an organization, that is not listed above, and the system partner can show equivalency, it is at discretion of BLUESIGN to accept this assessment.

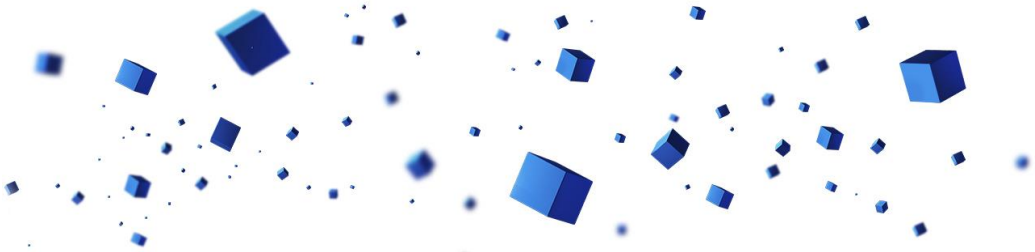
8.1.2 ANNEX: Exclusion criteria

The exclusion criteria define a set of minimum requirements for production sites of a bluesign® SYSTEM PARTNER. A company that clearly or seriously violates the three guiding principles mentioned above or fulfills one or more of the exclusion criteria, thereby creating significant hazard to people and the environment, may not become or remain a bluesign® SYSTEM PARTNER.

8.1.3 ANNEX: Rating criteria

The bluesign® RATING of production sites evaluates and scores the performance level of bluesign® SYSTEM PARTNERS. The bluesign® RATING shall support the setting of suitable priorities, to stimulate the further reduction of environmental impact and improvement of occupational health and safety (OH&S) and consumer safety, and to increase resource productivity.
Using a rating scheme, the performance of a production site is scored by assigning it one of four performance levels: foundational, developing, progressive, or aspirational.
Six main areas and several subareas relating to management systems, input stream management (manufacturer), product stewardship (chemical supplier), environmental impact, Occupational Health and Safety (OH&S), and resource productivity are considered to determine the performance of bluesign® SYSTEM PARTNERS.

For more details, see *bluesign® CRITERIA for production sites – ANNEX: Rating*.



8.1.4 Supporting documents

Supporting documents for bluesign® SYSTEM PARTNERS (e.g. bluesign® Fact Sheets, bluesign® Guidelines and bluesign® Guidance Sheets) are available. They provide background information, guidance for implementation, practical examples, and templates to support system partners in continually improvement of their performance.

While bluesign® Fact Sheets are descriptive, bluesign® Guidance Sheets as well as GUIDELINES specify requirements for bluesign® SYSTEM PARTNERS.

These documents complement the bluesign® CRITERIA but do not replace them.

9 Trademarks

Communication of the trademark bluesign® and rights of use is described in the *bluesign® Communication Guidelines* and the bilateral agreement between BLUESIGN and the system partner. They are not a subject of this document.

9.1 bluesign® APPROVED trademark

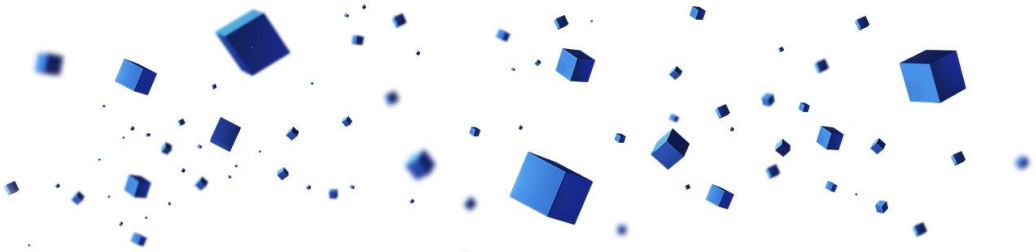
The bluesign® APPROVED trademark applies to chemical products and articles that are commercially available at scale:

- Chemical products for industrial use in the textile and leather industry and related industries (e.g. accessory manufacturing), and chemicals for end consumer use

and

- Textile articles for industrial use at all processing levels (man-made fibers; yarns; raw fabrics; dyed, finished or coated fabrics; garments; textile equipment; etc.)
- Finished leather articles for industrial use
- Accessories for industrial use

It also applies to commission processes related to these bluesign® APPROVED materials.



9.1.1 Requirements for chemical suppliers, manufacturers and converters

9.1.1.1 Chemical supplier

A chemical supplier who intends to place a bluesign® APPROVED chemical product on the market must comply with the *bluesign® CRITERIA for production sites | Annex: Chemical supplier* and the *bluesign® Guideline – Product Stewardship for chemical supplier* by:

- being a bluesign® SYSTEM PARTNER with the right to use the bluesign® APPROVED trademark;
- having successfully applied for assessment of chemical products via bluesign® TOOL and for registration of chemical products in bluesign® FINDER.

9.1.1.2 Manufacturer

A manufacturer who intends to place a bluesign® APPROVED article on the market or who intends to carry out a bluesign® APPROVED commission process must:

- fulfill the bluesign® CRITERIA for production sites and related annex documents;
- be a bluesign® SYSTEM PARTNER with the right to use the bluesign® APPROVED trademark;
- have successfully applied for approval of articles and/or processes.

9.1.1.3 Converter

A converter who intends to place a bluesign® APPROVED article on the market must:

- fulfill the bluesign® CRITERIA for converters;
- be a bluesign® SYSTEM PARTNER with the right to use the bluesign® APPROVED trademark;
- have successfully applied for registration of articles.

9.1.2 Requirements for chemical products, articles and commission processes

9.1.2.1 Chemical products

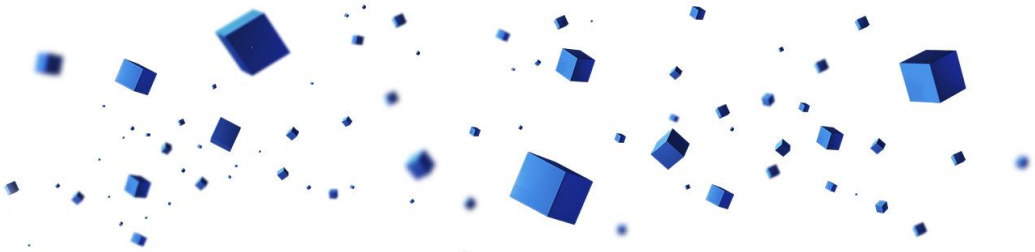
A bluesign® APPROVED chemical product must:

- originate from a bluesign® SYSTEM PARTNER;
- comply with the bluesign® CRITERIA for chemical assessment and the BSBL;
- be rated blue or grey
- be registered in the bluesign® FINDER.

9.1.2.2 Articles

A bluesign® APPROVED article must:

- originate from a bluesign® SYSTEM PARTNER;
- be conform to the chemicals change management requirements (see *bluesign® CRITERIA for production sites*);
- comply with the BSSL consumer safety limits;
- be registered in the bluesign® GUIDE.



9.1.2.3 Commission processes

Commission processes applied to bluesign® APPROVED materials must

- be carried out by a bluesign® SYSTEM PARTNER;
- conform to the chemical management requirements (see *bluesign® CRITERIA for production sites);*
- lead to an article complying with the BSSL consumer safety limits;
- be registered in the bluesign® GUIDE.

9.2 bluesign® PRODUCT trademark

The bluesign® PRODUCT trademark applies to consumer textile goods manufactured for end consumer use.

The following product categories are currently outside the scope of the bluesign® PRODUCT trademark:

- Footwear
- Medical supplies, such as dressings and bandages
- Hygiene products
- Toys
- Food safe articles
- Furniture

9.2.1 Requirements for trademark users

To use the bluesign® PRODUCT trademark, a trademark user must:

- have passed a bluesign® COMPANY ASSESSMENT;
- be a bluesign® SYSTEM PARTNER and have the right to use a bluesign® trademark;
- be authorized in writing by bluesign technologies to self-declare articles as bluesign® PRODUCTS;
- maintain a robust quality management system to manage the supply chain and verify supplier qualification based on traceability, a comprehensive/appropriate RSL and a Bill of Materials (BOM).

9.2.2 Requirements for bluesign® PRODUCT

The components of a bluesign® PRODUCT must meet the requirements described in Table 9.1.

	Usage range A and B Apparel, sleeping bags, etc.	Usage range C Backpacks, bags, tents, etc.
Share of bluesign® APPROVED fabrics	⩾ 90 %	
Share of bluesign® APPROVED accessories	⩾ 30 %	⩾ 20 %
Components that are not bluesign® APPROVED	provided by a qualified supplier	

Table 9.1: Requirements for bluesign® PRODUCT

10 System integrity

Implementation of the bluesign® SYSTEM is safeguarded by the following procedures:

- Initial assessment
- Re-assessment at least every three years
- Follow-up in which the requirements of the bluesign® SYSTEM and necessary corrective actions are defined and agreed upon
- Testing of chemical products and articles
- Regular reporting of chemical inventory list (CIL) and resource key figures

In addition to the above-mentioned routine procedures, the following measures ensure credibility and a high degree of effectiveness of the bluesign® SYSTEM and foster the reliability of the trademark bluesign®:

- Tracing of bluesign® APPROVED articles and chemical products as well as bluesign® PRODUCT consumer products
- Spot tests of bluesign® APPROVED chemical products and articles as well as bluesign® PRODUCT consumer products based on a defined testing program
- Unannounced company assessments

10.1 Active Information duty

To ensure the operation and integrity of the bluesign® SYSTEM, a bluesign® SYSTEM PARTNER is obliged to report the following immediately to BLUESIGN:

- Relevant changes to production processes (e.g. new machinery subject to permits or licenses), production volumes (e.g. significant increase) or the product portfolio
- A significant accident or incident relevant to occupational health and safety and the environment, or major non-compliance with local regulations relevant to the site
- Non-compliance of bluesign® APPROVED components or a bluesign® PRODUCT consumer products with bluesign® CRITERIA, especially in case of violation of legal requirements in the market of origin or the target markets

11 Criteria setting

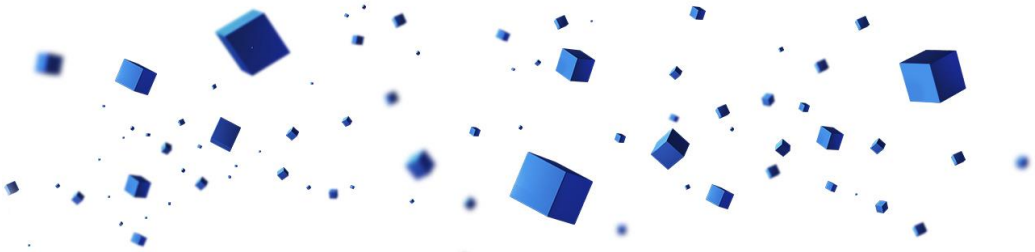
The bluesign® CRITERIA define the essential requirements within the bluesign® SYSTEM in the form of:

- Requirements for inputs, production sites and products
- Selection of priority substances and substance limits (expressed in the publicly available BSBL and BSSL)

BLUESIGN is committed to revise and improve the bluesign® SYSTEM so that it reflects and meets the requirements of the strictest and most advanced regulations worldwide concerning sustainable textile production, to maintain a high level of product safety, to encourage usage of the latest technology, and to fulfill stakeholder expectations.

The bluesign® CRITERIA are subject to changes in the political, regulatory, scientific, technical and sustainability spheres. For this reason, revision and amendment are necessary at regular intervals (at least every four years) or promptly if there is an urgent need.

Selection and/or amendment of priority substances, updating of related limits, and publishing of related documents (BSBL, BSSL) take place regularly at least every year.



11.1 Development and revision of bluesign® CRITERIA

The following regulations, observations and other opinion-forming information in particular are taken into account for revisions:

- National and international regulations regarding:
  - ☐ Consumer safety, environmental protection and OH&S
  - ☐ Chemicals (e.g. REACh, SVHC candidate list)
  - ☐ Social responsibility (e.g. ILO Core Conventions)
- Industry observations:
  - ☐ Learnings and experiences from daily activities
  - ☐ RSLs and MRSLs of relevant brands
  - ☐ Information from NGOs and media
  - ☐ Exchange with experts at the national and international level
  - ☐ Experience from the implementation of current requirements
- Feedback within the bluesign® SYSTEM:
  - ☐ Feedback received from system partners and third parties regarding current documents
- Standards and recommendation outside the bluesign® SYSTEM:
  - ☐ Regulations and recommendations of industrial associations and consortia (e.g. TEGEWA, ETAD, SAC and ZDHC)

11.2 Stakeholder consultation

11.2.1 Stakeholders of the bluesign® SYSTEM

Stakeholders are persons and groups that have a legitimate and reasonable interest in the course and/or result of a process or project related to the bluesign® SYSTEM. Valuable input is therefore welcome, not only from bluesign® SYSTEM PARTNERS but also from governmental and non-governmental organizations, recognized experts, and persons in the academic sector who have expertise in chemicals and textiles.

Depending on the content, BLUESIGN identifies stakeholders who are relevant for the segment concerned, qualified and presumably interested in giving feedback, with the aim of obtaining the broadest and deepest views of the various interests.

Directly concerned stakeholders are:

- bluesign® SYSTEM PARTNER of the respective segment

Indirectly concerned stakeholders are:

- Other bluesign® SYSTEM PARTNERS
- Public authorities
- Brand consortia
- Industrial organizations and business partners of bluesign® SYSTEM PARTNERS
- Associations
- Brands, manufacturers and chemical suppliers that are not system partners

- NGOs and consumer organizations
- Labels and standards
- Academia
- Consumers

11.2.2 bluesign® SYSTEM PARTNER cooperation

Relevant changes to the bluesign® CRITERIA are explained and discussed during annual events for bluesign® SYSTEM PARTNERS, such as regular annual dialogs with bluesign® SYSTEM PARTNERS in the chemical industry, manufacturers and brands

Changes regarding the selection of priority substances and substance limits are discussed during the annual Chemical Expert Group meeting with product stewardship experts from chemical suppliers to clarify feasibility as well as technical and analytical details.

This gives BLUESIGN access to excellent background information and helps to identify the need for revisions or amendments.

11.2.3 Public consultations

Revision of the bluesign® CRITERIA, with the exception of selection of priority substances and definition of substance limits (see Chapter 11.2.2), is subject to a public consultation process. Minor changes or correction of mistakes and typos can be performed without stakeholder consultation.

Following the above-mentioned consultation, drafts are provided to the public for feedback. Relevant stakeholders are contacted directly. Others will be informed via the media. Every stakeholder is free to provide feedback within six weeks after publication of the draft.

BLUESIGN collects and evaluates this information for the final version of the criteria. Finally, each feedback provider receives a reply regarding the extent to which their feedback was considered and the related reason(s).

11.3 Decision-making

After completion of stakeholder consultation, the final draft is coordinated within BLUESIGN. Besides the stakeholder feedback, it is important to ensure that the criteria are feasible in the routines of BLUESIGN. The final decision is made by BLUESIGN.

In case of very controversial feedback or significant changes in the finalized bluesign® CRITERIA compared to the public draft, it may be necessary to go back to the feedback providers. Complaints concerning the standard setting procedure can be addressed to info@bluesign.com and will be forwarded for further internal evaluation.

11.4 Release of final documents

Stakeholders are informed directly regarding the new documents. Others will be informed via the media.

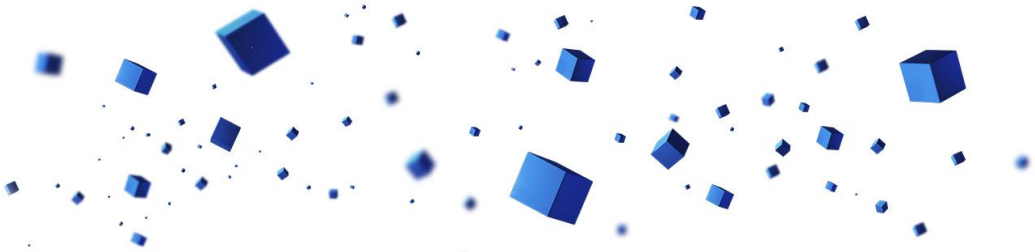
All criteria documents are publicly available at https://www.bluesign.com/criteria. Also a change log is available.

11.5 Transition periods

Transition periods are defined in the respective documents.

There is a standard transition period of one year for implementation by a bluesign® SYSTEM PARTNER. Verification takes place during next bluesign® COMPANY ASSESSMENT.

Revisions may become necessary in case of substantial changes in regulations or in case of new findings on significant risks.



12 Validity

This document comes into effect from 2020-03. It replaces the *bluesign® SYSTEM version 2.0*.
For all companies that signed an agreement for an assessment or for a bluesign® SYSTEM PARTNERSHIP before 2020-03 the adapted and newly introduced requirements are binding after a transition period of one year from the date of release.
This document is subject to revisions. Details on the revision procedure for regular and unscheduled revisions are compiled in the Chapter 11 *Criteria setting*.

13 Other applicable documents

The following documents complement the document at hand:

- *bluesign® glossary*
- *bluesign® CRITERIA for production sites with all related annex documents*
- *bluesign® CRITERIA for converters*
- *bluesign® CRITERIA for brands*
- *bluesign® CRITERIA for chemical assessment with all related annex documents*
- *bluesign® CRITERIA for bluesign® PRODUCT*
- *bluesign® CRITERIA for approved chemical products and articles for industrial use and commission processes*
- *bluesign® CRITERIA for bluesign® APPROVED chemical products for end consumer use*
- *bluesign® SYSTEM BLACK LIMITS (BSBL) - Threshold limits for chemical substances in chemical products*
- *bluesign® SYSTEM SUBSTANCES LIST (BSSL) - Consumer safety limits*
- *bluesign® Communication Guidelines*

Current versions are available for download at www.bluesign.com/criteria.