



Fair Performance Check Manual

The details of the central element of the FTO process procedure

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Introduction

The process procedure of the Fair Toys Organization (FTO) is run through by all member companies (manufacturers). The process procedure supports the member companies in continuously improving their social and environmental standards and enabling them to use the FTO seal. The process procedure of the Fair Toys Organization (FTO) consists of four central components, the site assessment, the individual action plan, the Fair Performance Check and the use of the seal.

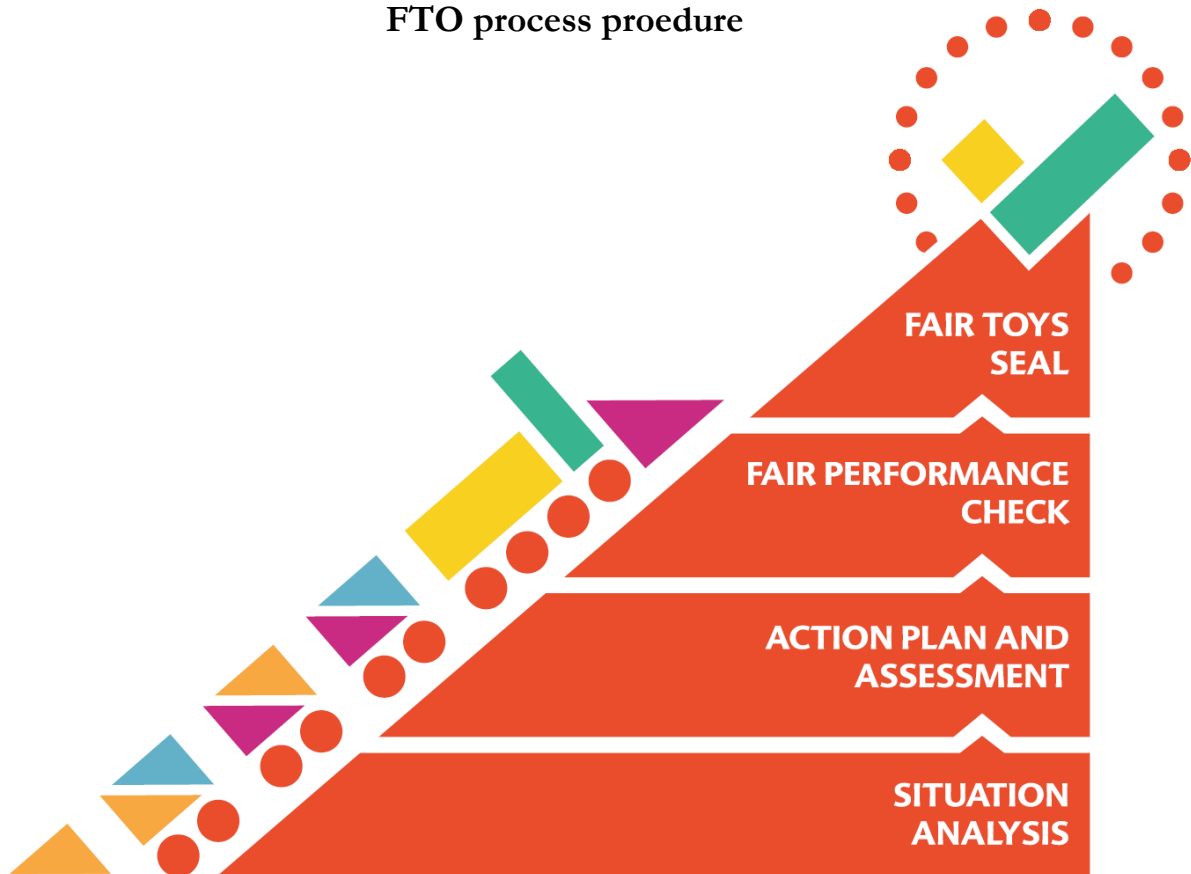
The site assessment uses a questionnaire to record relevant master data and sustainability-specific information about the company. The site assessment must be completed once after joining the FTO. Based on the questionnaire, a company profile is published on the FTO website. This includes both the company's own self-image and master data, such as the number of employees or the number of sourcing countries and suppliers (Tier 1).

The second step is a company's individual action plan. An action plan is drawn up together with the FTO office with regard to the criteria to be met by the Fair Performance Check (FPC) and the company's general sustainability strategy. The action plan does not necessarily have to be finalized before the start of the FPC; it can also be drawn up at the same time. The action plan is updated approximately annually in the same way as the FPC. The FTO office checks both the implementation of the existing objectives and measures and the plausibility of the newly added measures

The Fair Performance Check is the central element in the process procedure and is decisive for the award of the seal. Each company is assessed on the basis of standardized criteria. The degree of target achievement results in a classification, which can lead to the award of the seal. The results of the FPC are published in the company profile and in detail on the external FTO seal website (www.siegel.fair-toys.org).

All companies that have passed the FPC may advertise their membership of the FTO. Companies that have fulfilled the requirements for a seal may use the FTO seal in their communication and on their toy products. (for more details, see seal usage agreement)

F'TO process proedure



This is the first version of the F'TO's Fair Performance Check. It was developed over several months together with the members of the F'TO, relevant stakeholders from the toy industry and external experts with regard to the implementation of human rights and environmental due diligence obligations. In addition to the F'TO Code the Fair Performance Check is based on the following national and international frameworks and laws: the core labor standards of the International Labor Organization, the UN Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct and the German Supply Chain Due Diligence Act. In the coming years, the F'TO will regularly evaluate the Fair Performance Check (currently with a view to the European Supply Chain Due Diligence Directive, CSDDD) and adapt it, once again together with internal and external experts.

The F'TO Code forms the basis of all work at the F'TO. This is based on the Universal Declaration of Human Rights and the conventions of the International Labor Organization and includes, among other things, the prohibition of child labor and forced labor, the granting of freedom of association and the goal of paying a living wage. In addition, the code includes the point of environmental responsibility, in which environmental damage in production is to be avoided on the one hand and the environmental performance of a company is to be improved on the other. All members of the F'TO declare their agreement with the Code as the basis for evaluating processes in the company and in the supply chain. In the event of different interpretations of the Code and the laws of a country, the higher standard applies.

FTO Code of Conduct



Further information on the FTO process procedure, the FTO Code of Conduct and the strategic basis of the FTO's work can also be found in our current FTO brochure ([Fairtoysorg Brochure.pdf](#)).

Scope of the Fair Performance Check

The FTO has set itself the task of representing the toy industry as comprehensively as possible. This means that various market participants are involved in the FTO, who are at different stages of the value chain and can therefore influence the implementation of the FTO Code in different ways. These include NGOs, public or church institutions, manufacturers, retailers and their associations. Only members of the "manufacturers" category undergo the Fair Performance Check. Only these companies can obtain the FTO seal for their products and companies in an assessment procedure. They focus on implementing a production policy in line with the FTO's objectives. Members from other segments are also regarded as manufacturers for certain products as soon as they are responsible for the manufacture of these products themselves. They are then also subject to the process procedure for the manufacture of these products. Companies that are only classified as toy retailers are not subject to the Fair Performance Check procedure and therefore cannot receive the FTO seal. The FTO has different requirements for these companies (see the FTO strategy paper).

Supply chain definition of the toy industry in the FTO

The supply chain refers to all of a company's products and services. It includes all the steps in Germany and abroad that are required to manufacture the products and provide the services, from the extraction of raw materials to the disposal and recycling of the goods. The FTO distinguishes between the upstream supply chain and the downstream supply chain. The upstream supply chain ranges from raw material extraction (tier 4), raw material processing (tier 3) and material production (tier 2) to final product manufacture (tier 1). Importers and agents (pure trading business partners) are also part of the upstream supply chain. The downstream supply chain extends from the toy manufacturer, i.e. the company that produces toys itself, has them produced by production partners or procures goods in a full-service transaction, to the disposal and recycling of the goods. This therefore also includes transportation, trade (sale of the goods) and the end consumer.

The focus of the FTO in the Fair Performance Check is on the company's responsibility to ensure compliance with social and environmental standards at its own sites (including subsidiaries), especially if toys are also produced there, and primarily at Tier 1 suppliers in the upstream supply chain. Nevertheless, the deeper supply chain is also assessed and reviewed in the Fair Performance Check, not least if there is substantiated knowledge of human rights and environmental violations. In the medium term, commitment throughout the entire supply chain is to be assessed even more closely in the FPC.

Supply chain stages in the upstream supply chain of the toy industry	
Supply chain level (=Tier)	Process steps
Importers & agents (no own production)	Trade business partner
Tier 1: Final product manufacture (manufacture of the end product)	Business partners/suppliers and/or producers (incl. subcontracting)
Tier 2: Material production / production of preliminary products	Wet processes (finishing), surface production, plush material, electronic components, plastic granulates, paper products
Tier 3: Raw material preparation / further processing	Yarn production (incl. man-made fibers), oil refinery, wood processing, spinning mills, ginning plants / cotton company, wool washing / wool combing, mining industry, plastics industry, paper / cardboard production, chemical industry
Tier 4: Agriculture and cultivation (extraction of raw materials)	Farmers / agricultural enterprises, Forestry, (Petroleum) oil field, Cotton traders / fiber traders, Cooperative / farming companies, Mining

Supply chain stages in the downstream supply chain of the toy industry	
Supply chain level (=Tier)	Process steps
Toy manufacturer / producer	Companies that produce toys themselves, have them produced by production partners or procure goods as a full-service business
Transportation	Transportation of goods to the stores (by plane, ship, truck, etc.), CEP services
Trade	Sale of goods: Stores, discount stores, online
End consumer	Use and intended use of the goods by the consumer (e.g. playing, washing)
Disposal and recycling	Return to a circular economy, reuse, recycling or incineration of the goods

Start and regularity of the Fair Performance Check

To carry out the Fair Performance Check, a (new) member company must first of all have completed the two previous process steps (see introduction). In addition, the FTO must have a current list of all suppliers (Tier 1). A Fair Performance Check can only be started once these conditions have been met.

As the FTO is currently still being established, no fixed starting point has yet been defined for the year in which the Fair Performance Check begins for all member companies. This may be defined in the future. New member companies will be given sufficient time to fulfill the conditions before the start of the first Fair Performance Check. In principle, the first FPC for new members starts approximately 12 months after joining and ends after 24 months at the latest.

The Fair Performance Check is an approximately annual¹ review and assessment of the member companies. This means that one year after the start of the last review, the new Fair Performance Check is started again and a new classification of the company is carried out

¹ The FTO is a young organization that is still being established and has limited capacity during this start-up phase. Accordingly, it is possible that the annual review process may vary slightly during this start-up phase and the period between two assessments of a company may be slightly longer than a year.

Fair Performance Check classification

Classification into levels 0 to 3 is based on the degree of fulfillment of the Fair Performance Check. The award of a seal is only possible from level 3. In addition, all minimum requirements (see below) of the Fair Performance Check must be fulfilled.

- **Level 0:** There is insufficient or no implementation of the components of the FTO Code, i.e. there is a great need for improvement. A seal cannot be awarded.
- **Level 1:** There is an initial recognizable implementation of individual components of the FTO Code, i.e. there is a medium need for improvement. A seal cannot be awarded.
- **Level 2:** The implementation of most components of the FTO Code is satisfactory, i.e. there is a medium to low need for improvement. A seal cannot be awarded.
- **Level 3:** There is good to very good implementation of all components of the FTO Code, i.e. there is only a slight need for improvement. A seal can be awarded if all minimum requirements of the Fair Performance Check are also met.

Minimum requirements for awarding the seal:

- A policy statement is in place (with reference to international standards and sector- and company-specific risks), anchored at the highest level and publicly accessible.
- A risk analysis with country-specific, environmental and product-specific risks is available.
- 90% of Tier 1 suppliers in risk countries are audited (valid audit available).
- The company has taken action to improve its environmental performance in 1 of 6 environmental aspects (see question 3.4.4. in the questionnaire) (recording, target setting, monitoring).
- 100% of Tier 1 suppliers (incl. subcontracting) are known and have been notified to the FTO office.
- The company has drawn up suitable and effective remedial measures for the complaints received and monitors, enforces and reviews the implementation of the remedial measures taken in this regard.

The current classification limits can be found in the following overview:

Classification					
	Level 3 & Seal	Level 3	Level 2	Level 1	Level 0
From the first FPC	Score \geq 75% & all 6 minimum criteria fulfilled	Score \geq 75%	Score 50 to 74%	Score 25 to 49%	Score $<$ 25%
The FTO is also working on developing a process for dealing with companies that show no improvement in their FPC score over several FPCs and remain at level 0.					

Evaluation of the Fair Performance Check

When evaluating the Fair Performance Check, the FTO takes into account the wide range of the toy industry, particularly with regard to product diversity, the size of the companies and the sourcing structure. On the other hand, the FTO also takes into account that there are different approaches to implementing the requirements of corporate due diligence in reality. These approaches can vary greatly depending on the individual risk profile of the supply chain or the corporate strategy. This means that not all questions of the Fair Performance Check will be applicable to all member companies. In particular, some questions will not be assessed for smaller member companies or companies with a lower risk profile in the supply chain. As a result, the maximum score achievable in the Fair Performance Check may vary from company to company. With regard to the classification, the relative share of the points achieved in relation to the total points to be achieved individually is decisive. In line with the aforementioned national and international frameworks and laws, the FTO thus takes into account the risk-based approach that companies should internalize and implement with regard to their human rights risks and impacts.

For the annual evaluation of the company as part of the Fair Performance Check, the company first carries out a self-assessment using a query tool and compiles documents as evidence. After possible queries and additions, the auditors from the FTO office visit the location of the respective company (alternatively: digital review). This also includes interviews with relevant stakeholders in the company (including employees who were involved in the FPC). The auditors from the FTO office then document the points awarded in detail in an internal audit report to the company and make recommendations for improvements. A summary of the result with the points awarded for each indicator is prepared, communicated to the company in advance, discussed together and finally published on the FTO website. The classification achieved in the FPC is listed in the company profile.

The annual evaluation provides the company with continuous feedback on the measures already taken to comply with social and environmental standards. On the one hand, it offers the opportunity to make the company's progress visible. On the other hand, it also provides clear guidance for companies on where there is still room for improvement.

Publishing a summary of the results creates transparency and makes improvements and successes visible, particularly over time. Finally, the Fair Performance Check and the associated classification provide transparent information and an assessment of the measures taken to comply with the company's social and environmental standards for consumers, public/church procurement and all other interested stakeholders. The timing of the communication of the results of the first round of the Fair Performance Check is currently still flexible. This means that, especially in the current development phase of the FTO, it is possible that the results of several, but not all, companies will be published together.

In the future, the FTO will try to ensure that there is a fixed and uniform period for both the evaluation of the companies and the publication and communication of the results.

Fair Performance Check questionnaire

Category 1: Corporate Philosophy & Policy Statement

Indicator: Corporate philosophy and mission statement

Specific question: 1.1 What is the company's mission statement or corporate philosophy with regard to social and environmental standards?

Significance:

This is about what a company stands for in terms of social and environmental issues. On the one hand, this includes the extent to which it clearly communicates its FTO membership on its own website. And secondly, to what extent the company has a clearly communicated philosophy in the form of a mission statement (which can also be integrated into a policy statement) that emphasizes social and environmental commitment.

Rating:

The following aspects in the mission statement / corporate philosophy are relevant for the assessment:

- Clear commitment to FTO membership by naming the FTO on the company's own website
- Linking the FTO website to the company website
- Publication of a mission statement reflecting and ensuring compliance with social and environmental standards and a voluntary commitment to avoid environmental pollution and human rights violations
- The mission statement also includes a voluntary commitment to continuously improve our own environmental performance and social standards at our own site and in the supply chain, as well as an official commitment to the statement by the Management Board

Possible points:

0	No mission statement / no corporate philosophy
0,5	Mention of FTO membership on your own website
0,5	Linking the FTO on your own website
0,5	Publication of a mission statement / corporate philosophy with reflection and self-commitment to avoid - of environmental pollution and human rights violations
0,5	Publication of a mission statement / corporate philosophy with a voluntary commitment to improving our own environmental performance and social standards and a commitment by the management to the statement

Possible maximum score:

2

Evidence / documentation:

Link to mission statement / corporate philosophy on the company website; relevant documents (e.g. CSR report, etc.)

Indicator: Policy statement

Specific question: 1.2 What does the company's policy statement contain and how is it communicated and updated?

Minimum requirement for awarding the seal: Declaration of principles is in place (with reference to international standards and sector- and company-specific risks), anchored at the highest level and publicly accessible.

Significance:

The Declaration of Principles is one of the core elements of the UN Guiding Principles and also a central component of national laws such as the German Supply Chain Due Diligence Act (LkSG). It clarifies the international standards and principles on which a company bases its human rights due diligence. In addition, the declaration of principles represents a public commitment by the company that it recognizes its own responsibility and tries to live up to it; it provides good orientation and motivation for employees and consumers and lays the foundation for a dialogue with relevant stakeholders.

Rating:

The following aspects of the declaration of principles, among others, are relevant for the assessment:

- Reference / reference to international standards such as UN Guiding Principles, OECD Guidelines, ILO Core Labor Standards, Universal Declaration of Human Rights and relevant environmental standards (e.g. EU Regulation on Conflict Minerals, Minamata Convention, POPs Convention, Basel Convention)
- Reference to sector-specific risks (see FTO Code) and company-specific risks
- Description of how the company complies with its due diligence obligations and how the company identifies and prioritizes its risks based on a risk analysis
- Commitment to respecting the rights of relevant vulnerable rights holders, as well as stating the human rights and environmental expectations for responsible business conduct for own business activities and suppliers
- Anchoring and responsibility at the highest corporate level
- Internal & external communication: e.g. accessible to employees, training / awareness-raising for employees, declaration is publicly accessible, declaration is shared with direct business partners
- Updating & integration, i.e. policy statement and any other documents are updated regularly (at least every 2 years with findings from the risk analysis) and internal and external expertise is taken into account when updating (integration into codes such as supplier codes is possible as well as references to these in the general policy statement)

Possible points:

0	No policy statement
0,5	Reference to international standards
0,5	Reference to sector-specific and company-specific risks
0,5	Description of the process for identifying and prioritizing risks
0,5	Commitment to relevant risks and to taking into account the rights of relevant vulnerable rights holders and naming expectations
0,5	Anchoring at the highest level
0,5	Accessible for employees
0,5	Training for employees
1	publicly accessible
0,5	shared with direct suppliers
0,5	Regular updating
0,5	Additional internal and external expertise

Possible maximum score:

6

Proof / documentation:

Publicly accessible policy statement; link to the document in which the policy statement may have been integrated

Category 2: Human rights risk and impact analysis

Indicator: Risk identification and risk assessment (focus on upstream supply chain)

Specific question: 2.1 What does the company's risk and impact analysis include and how comprehensive are the analyses?

Minimum requirement for awarding the seal: A risk analysis with country-specific as well as environmental and product-specific risks is available.

Significance:

The risk and impact analysis is another core element of the UN Guiding Principles as well as the German LkSG and is essential for ensuring that a company fulfills its own human rights due diligence obligations, namely to avoid negative impacts on people and the environment. The risk analysis serves in particular to collect all relevant and fundamental information about the entire supply chain, to identify the human rights risks and ultimately to prioritize the most serious risks (e.g. on the basis of severity and probability of occurrence). The impact analysis is an in-depth analysis that goes beyond this and examines the root causes of actual and potential impacts of the company's activities on human rights and the environment, including by involving potentially affected persons in the supply chain. The risk and impact analysis is often the decisive basis for the company's strategy with regard to social and environmental activities in the entire supply chain.

Rating:

The following aspects, among others, are relevant for the assessment:

- The risk analysis addresses country-specific risks
- The risk analysis addresses environmental and product-specific risks
- The risk analysis addresses the specific requirements of the FTO Code, which correspond to the typical risks in the toy industry (an extension to all risks mentioned in the LkSG is also recommended)
- The risk analysis considers the company's own business model and supplier structure (own locations, direct suppliers and the entire supply chain)
- An impact analysis is also carried out, which examines the actual and potential problems associated with the company (research into the root causes and the meaningful involvement of potentially affected persons/rights holders). Business partners and potentially affected persons are also consulted for this purpose

Possible points:

0	No risk analysis
2	Risk analysis with country-specific risks
2	Risk analysis with environmental and product-specific risks
2	Risk analysis with reference to requirements of the FTO Code and in the entire supply chain
2	Carrying out an impact analysis

Possible maximum score:

8

Evidence / documentation:

Human rights due diligence policy; human rights impact assessment; documentation and evidence of the risk and/or impact analysis carried out (including product or country studies used, internal risk management, etc.)

Indicator: Methods of obtaining information

Specific question: 2.2 How does the company obtain information with regard to the risk and impact analysis?

Significance:

Information procurement is of central importance for a good and targeted risk and impact analysis. The more comprehensive the relevant information is and the better external expertise is included, the more precise and company-specific a risk and impact analysis will generally be and the better the potentially negative effects on people and the environment can be identified and subsequently addressed.

Rating:

The following aspects, among others, are relevant for the assessment:

- The company systematically collects its own information that is relevant to identifying potential risks. Methods used to gather information include: public sources such as media reports, NGO reports, appropriate indices (such as Children's Rights in the Workplace Index, Global Slavery Index, ITUC Global Rights Index) internal company information, supplier interviews, site visits, audit reports, IT solutions for supplier risk assessment (in the case of many suppliers).
- The company has taken relevant external experts into account in the risk and impact analysis.
- The company has obtained expertise from industry initiatives (FTOs) and/or civil society actors for the risk and impact analysis and/or the company has consulted potentially affected actors in the upstream supply chain.

Possible points:

0	No systematic procurement of information
0,5	the company collects information
0,5	Information procurement is systematic and comprehensive
1	Involvement of experts in the procurement of information
1	Involvement of industry initiatives, civil society and / or potentially affected parties in the procurement of information

Possible maximum score:

3

Evidence / documentation:

Documentation on the risk and impact analysis carried out, e.g. with the FTO risk analysis tool; evidence regarding the involvement of external expertise

Indicator: Update**Specific question: 2.3 How regularly are risk and impact analyses updated?****Significance:**

The risks and the risk situation with regard to the negative impact on people and the environment can change constantly. On the one hand, this can occur for company-specific reasons, such as the introduction of new products or entry into a new sourcing country. On the other hand, a change in the political situation in a sourcing country and / or new substantiated knowledge can also lead to new or changed risks. Accordingly, it is important that a company carries out a risk and impact analysis on a regular basis.

Rating:

The regularity with which the risk and impact analysis is carried out is relevant for the assessment. In other words, is it carried out at least once a year and / or is it carried out on an ad hoc basis, i.e. in the event of an expansion / change in the risk situation.

Possible points:

0	No risk analysis
1	Risk analysis updated at least once a year
1	Risk and impact analysis also updated on an ad hoc basis

Possible maximum score:

2

Evidence / documentation:

Documentation on the risk and impact analysis carried out

Indicator: prioritization of risks, definition of targets and measures

Specific question: 2.4 How are risks prioritized and how are objectives and measures defined on the basis of risk prioritization?

Significance:

Based on the regularly updated risk and impact analysis, a company must evaluate and prioritize the identified risks (depending on severity, probability of occurrence and contribution to causation). A company should also define meaningful and specific objectives and measures for the most serious and prioritized risks. On the one hand, this is crucial to ensure that the possible causes and effects of the risks can be prevented or at least reduced. On the other hand, it also helps the company to deploy its capacities efficiently internally, to proceed strategically and to be able to measure and document the success of its own activities.

Rating:

The following aspects, among others, are relevant for the assessment:

- The risk assessment is carried out systematically on the basis of the information collected and focuses on the actual risks in the supply chain (whether and to what extent the company's interests are affected does not play a role in the assessment).
- The risk assessment or determination of the "net risks" is based on the type and scope of the business activity, the severity of the risks (degree, scope, reversibility, number of persons affected) and the probability of occurrence in the company's own supply chain (effective mitigation processes within the company)
- Risks are prioritized on the basis of the risk assessment, i.e. the greater the severity, the higher the probability of occurrence and the greater the contribution to causation / influence, the more urgent it is to deal with the risk
- Meaningful objectives have been defined, i.e. the possible causes and effects of the risks should and can be reduced and/or prevented
- A time frame has been set for achieving the targets
- Meaningful and concrete (measurable or comprehensible) measures for achieving the goals were defined

Possible points:

0	No systematic risk assessment and prioritization
2	A risk assessment and prioritization has been carried out
2	Risk assessment and prioritization is also systematic (including severity and probability of occurrence)
1	Definition of goals
1	The goals have a time frame
1	Definition of measures
1	The measures are sensible, concrete and measurable

Possible maximum score:

8

Evidence / documentation:

Documentation on the risk and impact analysis carried out; internal and publicly accessible evidence regarding objectives and measures

Category 3: Establishment and integration of human rights due diligence obligations

Indicator: Structures and processes in the company

Specific question: 3.1 What structures and processes exist in the company with regard to the implementation of due diligence obligations?

Significance:

The existing organizational structures and internal decision-making processes are very important with regard to the implementation of due diligence obligations in a company. Without clear personnel responsibilities and decision-making processes as well as sufficient resources for the topic, it is difficult to achieve change within a company.

Rating:

The following aspects, among others, are relevant for the assessment:

- The company has specific personnel to implement human rights and environmental due diligence (e.g. human rights officers)
- The responsibilities of staff are clearly defined operationally and set out in contracts
- The personnel responsible have sufficient resources at their disposal to carry out their duties
- The implementation of the due diligence obligations (in particular findings and conclusions from the risk analysis) influences company-wide decision-making processes and business procedures

Possible points:

0	No systematic structures and processes
2	Partially suitable structures and processes (personnel, responsibilities and resources)
2	Suitable structures and processes (including regulated influence on decision-making processes and business procedures)

Possible maximum score:

4

Evidence / documentation:

Organizational chart of the company; job profiles of the relevant personnel; evidence of internal committees / processes

Indicator: Responsible purchasing practices

Specific question: 3.2.1 What is the company's purchasing volume from the respective suppliers (Tier 1) and what proportion of production capacity does it occupy?

Significance:

The share of a company's production capacities in the production facilities / at a supplier (Tier 1) is important for a company's ability to exert influence locally. This means that a company can exert more influence on changes and improvements in the production facilities the greater its share of local capacities. At the same time, this means that the scope for influence is limited if the share of production capacity is low and / or production is limited to a few weeks. The higher the proportion of the company's total purchasing volume that is placed in production facilities where the company occupies a relevant share of production capacity, the more favorable it is for responsible purchasing (and vice versa).

Rating:

In the toy industry, a relevant share of production capacity is considered to be more than 10%. Above this threshold, a company can theoretically exert a certain influence on changes/improvements. On the other hand, in the toy industry there is little or no influence if the share of production capacity is less than 2%. The purchasing volume (or production volume) of the company is defined here as the order volume placed with suppliers / production facilities (Tier 1) in €. The production capacities are calculated as an annual average value, i.e. the company's annual purchasing volume at a production site is divided by the total annual purchasing volume placed at this production site.

Possible points:

0	0 to 24% of purchasing volume at least 10% production capacity
1	At least 10% production capacity for 25 to 49% of the purchasing volume
1	At least 10% production capacity for more than 50% of the purchasing volume
1	At 1 to 24% of the purchasing volume less than 2% production capacity
1	Less than 1% of purchasing volume less than 2% production capacity

Possible maximum score:

4

Evidence / documentation:

Proof of purchasing volume per country / supplier and proof of production capacity at the supplier (extracts from database, Excel list, etc.)

Specific question: 3.2.2 With how many suppliers (Tier 1) does the company have a strategic partnership? And how many of its own production facilities does the company have?

Significance:

In general, the FTO considers it expedient to enter into long-term and strategic partnerships with suppliers. This increases the likelihood that sustainable changes and improvements can be implemented and that suppliers are also willing to support and, if necessary, invest in changes. A supplier in the toy industry is considered strategic after 5 years of cooperation.

In addition to strategic partnerships, the FTO also rewards companies that do not pass on part of their responsibility and due diligence to suppliers, but instead make a comprehensive commitment and operate their own production facilities. This is certainly the exception in the globalized supply chains of the toy industry, but it is one way of directly fulfilling their own due diligence obligations. In their own production facilities, companies are directly responsible for the workers and the possibilities for influencing changes are almost unlimited and improvements can be implemented more easily and effectively.

Rating:

The following two aspects are relevant for the assessment:

- Share of strategic suppliers (Tier 1) in the supplier portfolio
- Existence of own production facilities

Possible points:

0	No strategic partnerships
1	A strategic partnership exists with 1 to 49% of suppliers
1	A strategic partnership exists with 50% or more of the suppliers
2	The member company has one (or more) of its own production facilities

Possible maximum score:

4

Evidence / documentation:

Contractual evidence regarding the cooperation

Specific question: 3.2.3 What is the company's production planning/forecasting and does it support the avoidance of excessive overtime and other risks in the supply chain?

Significance:

Excessive overtime not only violates an important element of the FTO Code (no excessive working hours), but also negatively affects other elements of the FTO Code. It is true that workers often voluntarily work a lot of overtime to increase their income. However, the reason for this is often that the (minimum) wage does not provide a livelihood, which will be discussed and evaluated later in the FPC. At the same time, excessive overtime can lead to various negative human rights impacts, including an increase in occupational accidents, other health problems for workers, (sexual) harassment and illegal subcontracting. As a result, forward-looking production planning and good forecasting with a view to the planned orders are very important. Both support the reduction and avoidance of excessive working hours at suppliers and the associated risks.

Rating:

The following aspects are relevant for the assessment:

- Communication with and transparency towards the supplier, e.g. on delivery dates or delivery and production times
- Stable and calculable order quantities throughout the year or long-term plans for seasonal suppliers
- Internal processes and deadlines for order placement and appropriate consideration of suppliers' delivery and production times
- Detailed communication and planning with strategic and all other suppliers, especially before and during the peak season

Possible points:

0	No target-oriented production planning /
2	Communication with and transparency towards suppliers regarding delivery and production times
2	Stable and calculable order quantities as well as internal processes and deadlines for order placement
2	Detailed communication and planning before and during the peak season

Possible maximum score:

6

Evidence / documentation:

Extracts from contract documents with suppliers; evidence relating to the company's production planning; documentation of joint planning with suppliers

Specific question: 3.2.4 Does the company have a responsible exit strategy for ending cooperation with suppliers (Tier 1)?

Significance:

There can be many reasons for terminating cooperation with a (strategic) supplier (Tier 1). Regardless of this, a company should have a responsible exit strategy for ending the collaboration, primarily to avoid negative consequences for the workers. This is because a short-term, poorly planned and communicated termination of the collaboration can have far-reaching consequences for the continued existence of the supplier and the financial situation of the supplier's workers. A company should therefore carefully analyze the consequences for the supplier if the collaboration is terminated in order to avoid negative consequences for the workers.

Rating:

The following aspects of the exit strategy are relevant for the valuation:

- an appropriate and clearly regulated phase-out period
- Consideration of and compliance with all contractual and legal obligations (in particular, all legally outstanding wages and severance payments are to be paid by the supplier)
- a precise analysis of the consequences of terminating the cooperation
- the exercise of due diligence even after the end of the cooperation, should there only then be negative consequences for the workers (which the company has helped to cause by ending the cooperation)

Possible points:

0	No exit strategy
1	Partially responsible exit strategy (including an appropriate phase-out period and compliance with all contractual and legal obligations)
1	Responsible exit strategy (additional precise analysis of the consequences and exercise of due diligence even after the official end of the collaboration)

Possible maximum score:

2

Evidence / documentation:

Code of Conduct; official exit strategy; other internal documents / evidence

Specific question: 3.2.5 How does the company react in the event that no minimum wage was paid at suppliers (Tier 1) or the wage data and thus the payment of the minimum wage could not be verified?

Significance:

In the complex and global supply chains of the toy industry, it can never be completely ruled out that the company discovers at a supplier (Tier 1) that the relevant minimum wage has not been paid to all workers. The decisive factor here is how the company deals with this and how it reacts if the minimum wage is or was not paid in a production facility (information can become known, for example, through an audit, an interview with a worker or a complaint). The same applies in the event that the production facility does not provide wage data (e.g. during an audit), so that it is not possible to verify whether the minimum wage is paid or not.

Rating:

What is therefore relevant for the assessment is whether and how the company takes immediate action in the event of non-payment of the minimum wage or non-verifiability of wage data in order to remedy these elementary shortcomings immediately.

Possible points:

0	No activity or no activity to settle the difference to the minimum wage
2	The company takes action / has a strategy in case a payment below the minimum wage becomes known and takes steps to obtain payment of the difference
1	The company takes action / has a strategy if wage data is not available at a production site and takes steps to verify the wage data

Possible maximum score:

3

Evidence / documentation:

Evidence regarding the handling of such cases

Specific question: 3.2.6 How active is the company or how does the company support and promote the payment of living wages in the upstream supply chain?

Significance:

The payment of living wages throughout the entire supply chain (especially the upstream supply chain) is an essential element of the FTO Code and a key concern of FTO members. At the same time, the payment of living wages throughout the supply chain is an ambitious goal and concern that requires a great deal of know-how, time and dedication from all parties involved. The FTO's focus in this assessment is initially on the activity relating to the payment of living wages at Tier 1 level in the upstream supply chain. For the definition and calculation of living wages, the FTO refers to existing and recognized sources and tools such as Asia Floor Wage or Global Living Wage Coalition / Anchor Methodology. The latter define living wages as "the remuneration a worker receives for a standard working week in a given location that is sufficient to provide a decent standard of living for the worker and his or her family. The elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing and other essential needs, including provision for unexpected events."

Rating:

The following aspects, among others, are relevant for the assessment:

- The company has a basic understanding of the key elements of living wages and how they are calculated and has familiarized itself with existing sources and tools
- The company records and monitors the difference between the wage level in the production facilities and the corresponding living wage level in the region (e.g. Global Living Wage Coalition)
- The company participates in any training courses or pilot projects
- The company trains its own employees on responsible purchasing practices and the link to living wages
- The company supports the right to collective bargaining (sourcing decision, concrete support or monitoring of compliance at the supplier, exchange with authorities and governments of a country)
- The company has already made attempts to increase wages in some production facilities and continuously raise them to a living wage level
- The company has already financed wage increases in production facilities
- The company has set itself targets for when a living wage should be paid to its direct suppliers and monitors the achievement of these targets

Possible points:

0	No activity towards and no understanding of living wages
2	Low activity (e.g.: basic understanding and engagement with tools)
2	Medium activity (e.g: Recording the difference in wage levels and participation in training)
3	High level of activity (e.g: Training of own employees, and support of the right to collective bargaining)
3	Very high activity (e.g: Financing of wage increases in production facilities, targets and target monitoring at Tier 1 level)

Possible maximum score:

10

Evidence / documentation:

Code of conduct; evidence of training, education and other commitment

Specific question: 3.2.7 How are payments made to suppliers (Tier 1) and are all financial matters contractually regulated?**Significance:**

The payment of suppliers is very important in terms of avoiding negative consequences for suppliers (Tier 1) and especially for workers. This is because a deficient payment (i.e., for example, a late payment, an uncoordinated reduced payment, but also the imposition of penalties on the supplier), for whatever justified reason, can have very far-reaching negative consequences for the continued existence of the supplier and the financial situation of the supplier's workers. The company should always bear this in mind and therefore contractually stipulate all financial matters and always analyze the consequences of its own actions with regard to payment.

Rating:

The following aspects, among others, are relevant for the assessment:

- The company always pays the supplier on time for the delivery of goods
- Subsequent changes to the payment shall only be made with mutual consent
- The company does not impose any non-contractual penalties and ensures that all financial consequences (in the event of non-performance or defective performance) are contractually regulated

Possible points:

0	Lack of payment from suppliers
0,5	Punctual payment
0,5	Punctual payment and no uncoordinated subsequent changes
0,5	No non-contractual penalties
0,5	All financial consequences contractually defined and constant analysis of the effects of the company's actions with regard to payment

Possible maximum score:

2

Evidence / documentation:

Code of conduct; extracts from contract documents with suppliers; evidence of payment to

Indicator: Monitoring and review of the upstream supply chain

Specific question: 3.3.1 What type of monitoring and auditing system does the company have and how comprehensive and proactive is it?

Significance:

Although internal and external audits only ever provide a brief and very limited insight into the conditions in the production facilities and are certainly prone to error, they play an important role in gaining an impression of the production facility with regard to compliance with the statutory social and environmental standards in the respective country. Audits form the basis, so to speak, for the company's necessary further engagement and examination of the situation of workers in the production facilities. The decisive factor here is how the company deals with the audits, i.e. how comprehensively and proactively are grievances followed up, are there clear responsibilities within the company and are current developments in the production facilities that require additional commitment taken into account. The FTO generally accepts the following standards: Ethical Supply Chain Program (ESCP), amfori BSCI, SA 8000, SMETA. All other internal and external standards are reviewed by the FTO as required. Supplier visits (in addition to audits) with own checklists are desirable and will be considered in the next point of the FPC.

Rating:

The following aspects, among others, are relevant for the assessment:

- The auditing and monitoring system fulfills the requirements of the FTO
- Valid audit reports are requested on a regular basis
- There is a specific person / team responsible for monitoring and following up on non-conformities / non-compliances identified by the monitoring / auditing system
- Audit reports / checklists for supplier visits and associated Corrective Action Plans (CAPs) are shared with the factory and deadlines for improvement are established and tracked / progress tracked
- The member company cooperates with other member companies with regard to audits and CAPs at a shared supplier/shared production facility
- CAPs are additionally shared with workers' representatives, if available
- The company intensifies monitoring in suspected cases and / or in the event of a relevant change in the production facility

Possible points:

0	No monitoring system
1	Simple, reactive monitoring system
1	Comprehensive, reactive monitoring system
1	Comprehensive, proactive monitoring system
1	Very comprehensive, proactive monitoring system

Possible maximum score:

4

Evidence / documentation:

Evidence of monitoring and auditing system (audits, checklists, internal tracking); organizational chart; memberships (amfori BSCI, ESCP, SEDEX)

Specific question: 3.3.2 How high is the proportion of audit coverage at the various tier levels (upstream supply chain)?

Minimum requirement for awarding the seal: 90% of Tier 1 suppliers in risk countries are audited (valid audit available).

Significance:

In addition to the scope of the auditing and monitoring system, it is essential to gain an initial impression that the company has a valid and accepted audit for all suppliers / production facilities, particularly in high-risk countries. With regard to the classification into high-risk countries and low-risk countries, the FTO relies on the current definition of the amfori BSCI Countries' Risk Classification, as there is currently no separate risk classification at country level for the toy industry. Complete audit coverage must be a basic requirement for companies, especially at Tier 1 level. At the other tier levels, audit coverage should be gradually increased, depending on the risk situation and relevance of the suppliers for the company. It is also important to note that it is desirable for the company to review (strategic) suppliers using suitable checklists in addition to audits in order to gain an impression of the conditions on site between audits.

Rating:

The following aspects, among others, are relevant for the assessment:

- audit coverage (accepted auditing and monitoring system) in risk and low-risk countries at the various tier levels
- All new Tier 1 suppliers were audited (in high-risk countries) or visited (in low-risk countries with at least one checklist) before the start of initial production for the company (onboarding).
- Additional visits between audits (at least with a checklist) to strategic / important suppliers

Possible points:

0	Less than 25% of Tier 1 suppliers in risk countries were audited
1	25 to 49% of Tier 1 suppliers in risk countries were audited
1	50 to 74% of Tier 1 suppliers in risk countries were audited
1	75 to 89% of Tier 1 suppliers in risk countries were audited
2	90% or more of Tier 1 suppliers in risk countries have been audited
1	100% of Tier 1 suppliers in low-risk countries were audited and / or visited with an appropriate checklist
1	More than 25% of Tier 2 suppliers in risk countries were audited
0,5	More than 25% of Tier 3 suppliers in risk countries were audited
0,5	More than 25% of Tier 4 suppliers in risk countries were audited
1	100% of Tier 1 suppliers in risk countries were audited before onboarding
1	Additional visits to the most important suppliers (at least once every two years) with a suitable checklist

Possible maximum score:

10

Evidence / documentation:

Evidence of monitoring and auditing system (number of suppliers per tier and audit coverage); onboarding process

Indicator: Improvement in environmental performance

Specific question: 3.4.1 How high is the proportion of suppliers at the various tier levels (upstream supply chain) that have an environmental management system (EMAS or ISO14001)?

Significance:

A key lever for preventing environmental damage and improving indirect environmental performance in the supply chain is the common and recognized certification according to the two standards EMAS or ISO14001. As the majority of the environmental impact of the toy industry is in the upstream supply chain, only this is initially assessed in the FPC with regard to the supply chain. As EMAS certification in particular is relatively cost-intensive, the FTO (also in the assessment) is initially limited to suppliers at Tier 1 level. Nevertheless, it is desirable if both certifications are also applied at lower tier levels. In addition, the FTO reserves the right, as with all points, to adapt the requirements in a further revision and to extend the focus to other tier levels.

Rating:

The proportion of (strategic) suppliers (Tier 1) that are EMAS or ISO14001 certified is primarily relevant for the assessment.

Possible points:

0	No monitoring
1	1 to 10% of suppliers (Tier 1) are EMAS or ISO14001 certified.
1	More than 10% of suppliers (Tier 1) are EMAS or ISO14001 certified.
1	All strategic suppliers (Tier 1) are EMAS or ISO14001 certified.

Possible maximum score:

3

Evidence / documentation:

Proof of ISO14001 or EMAS certifications

Specific question: 3.4.2 Do the company headquarters and any subsidiaries have an environmental management system (EMAS or ISO14001)?

Significance:

A key lever for improving the direct environmental performance at our own sites is the common and recognized certification according to the two standards EMAS or ISO14001.

Rating:

Primarily relevant for the assessment is whether the company's own locations (including subsidiaries) are certified with an environmental management system (EMAS or ISO14001).

Possible points:

0	No certification available
1	Company headquarters is EMAS or ISO14001 certified
1	All own locations, including subsidiaries (if any) are EMAS or ISO14001 certified

Possible maximum score:

2

Evidence / documentation:

Proof of ISO14001 or EMAS certifications

Specific question: 3.4.3 Does the company have a sustainable product strategy and how comprehensive and ambitious is it?

Significance:

In order to improve a company's direct and indirect environmental performance, it is essential to develop / refine a sustainable product strategy for the entire product range. This is because the majority of negative environmental impacts can be reduced through appropriate product design and the right choice of materials and raw materials. It is therefore important that companies are aware of the environmental footprint of their products, reduce it and set themselves ambitious targets. At the same time, it is also essential to consider the general business model and the longevity of the products. After all, the longer the useful life of a product, the smaller its ecological footprint. In this sense, it is becoming increasingly important to include new business areas, such as a repair service or second-hand platforms. The majority of toy product lifecycles are still linear, so the industry is only at the beginning here. For this reason, the assessment of this issue is still relatively low.

Rating:

The following aspects, among others, are relevant for the assessment:

- The company has established a sustainable product strategy that includes sustainably certified materials, recycled materials, second-hand products and environmentally friendly manufacturing/production processes
- The company pilots individual (product-specific) measures to reduce the ecological footprint (e.g. new product design, acceptance of recycling, avoidance of plastic packaging, etc.)
- The company has calculated a product-related carbon footprint / the ecological footprint of all products
- The company has set itself ambitious, product-specific targets to successively reduce its environmental footprint and monitors these targets

Possible points:

0	No sustainable product strategy
0,5	Simple sustainable product strategy (e.g.: use of sustainably certified materials)
0,5	Average sustainable product strategy (e.g: Piloting of individual measures such as recycling acceptance, no plastic packaging, etc.)
1	Comprehensive sustainable product strategy (e.g.: carbon footprint of products recorded)
1	Very comprehensive sustainable product strategy (e.g.: concrete targets and continuous monitoring of the ecological footprint)

Possible maximum score:

3

Evidence / documentation:

Proof of sustainable product strategy (website, presentation, evaluation of ecological footprint, etc.); product-specific memberships and awards

Specific question: 3.4.4 How active is the company in improving its own (direct and indirect) environmental performance with regard to the following six areas? Energy, emissions, materials, water, waste and land use or biodiversity?

Minimum requirement for awarding the seal: The company has become active in at least 1 of the 6 areas (i.e. recording, evaluation, weighting, targets and measures for direct and indirect environmental aspects in one of the 6 areas).

Significance:

In terms of the EMAS certification mentioned and assessed above, it is crucial for the improvement of direct and indirect environmental performance that a company improves or reduces all environmental aspects at its own sites and in the entire supply chain in the following six areas: Energy (total annual energy consumption with share of renewable energy, total generation), Emissions (total annual emissions of greenhouse gases and other emissions), Materials (annual mass flow of key materials used), Water (total annual water consumption), Waste (annual waste generation by waste type, total annual generation of hazardous waste), Land use in terms of biodiversity (total land use, share of saponified and semi-natural land). For all of these six aspects, a company should determine consumption for all activities, products and services, set reduction targets and establish a suitable monitoring system. As a simultaneous commitment in all six areas will initially be overwhelming for most companies, it is initially sufficient for a company to become active with regard to the assessment in one of the six environmental aspects. The FTO will most likely increase the requirements for this question in a future version.

Rating:

Relevant for the evaluation is the company's activity per environmental aspect, i.e. the following, for example:

- The member company records annual consumption directly (on its own premises) and indirectly (in the supply chain)
- The company evaluates and weights the aspects and develops and documents a procedure for this purpose
- The member company sets itself reduction targets for direct and indirect consumption/emissions and takes appropriate measures. Responsibilities, timeframe and required resources have been defined

Possible points:

0	No activity
1	Recording of direct environmental aspects in one of the six areas
1	Recording of indirect environmental aspects in one of the six areas
1	Evaluation and weighting of the direct environmental aspects in one of the six areas
1	Evaluation and weighting of the indirect environmental aspects in one of the six areas
1	Targets and measures for direct emissions/consumption and structures for implementation in one of the six areas
1	Targets and measures for indirect emissions/consumption and structures for implementation in one of the six areas
3	Recording, evaluation, weighting, targets and measures for direct and indirect environmental aspects in one or more other areas

Possible maximum score:

9

Evidence / documentation:

Evidence of direct and indirect environmental impacts (website, presentations, evaluations, etc.)

Indicator: Supplier evaluation

Specific question: 3.5 Does the company have a supplier evaluation that includes incentives and targets regarding social and environmental standards?

Significance:

One of the FTO's concerns is the continuous improvement of social and environmental standards in the supply chain (especially the upstream supply chain). Improvements on the part of suppliers are of course also partly linked to investments by suppliers, e.g. in training, personnel, equipment or technology. It is therefore important for companies to provide suppliers with incentives, for example in the form of a transparent supplier evaluation, so that they are prepared to make these investments. At the same time, the company should set itself targets as to which criteria are linked to the awarding of a contract. And there should also be corresponding incentives within the company in relevant departments to ensure that the continuous improvement of social and environmental standards is already taken into account when placing orders.

Rating:

The following aspects, among others, are relevant for the assessment:

- The company has a transparent supplier evaluation system that assesses suppliers with regard to social and environmental standards, among other things
- The supplier evaluation is included in the awarding of contracts
- The company has targets for awarding contracts to suppliers that have a (very) good rating in terms of their social and environmental standards
- The relevant employees (e.g. in purchasing) also have corresponding targets for awarding order volumes to suppliers

Possible points:

0	No supplier evaluation
0,5	Supplier evaluation available
0,5	Supplier evaluation has an influence on the awarding of contracts
0,5	Targets for awarding contracts in place
0,5	Targets in place for relevant employees

Possible maximum score:

2

Evidence / documentation:

Evidence relating to the supplier evaluation (KPIs, presentations, evaluations, targets, contractual extracts, etc.)

Indicator: Supply chain transparency

Specific question: 3.6 What transparency does the company have in its own upstream supply chain?

Minimum requirement for awarding the seal: 100% of Tier 1 suppliers (incl. subcontracting) are known and have been notified to the FTO office.

Significance:

Knowing your own suppliers is one of the most important prerequisites for identifying risks along your own supply chain and addressing them accordingly. This means that a company must at least know the name and address (and if possible additional information such as the number of workers) of these suppliers. Unfortunately, this is not yet a matter of course, especially in the deeper supply chain. However, especially at Tier 1 level, this is absolutely essential for companies (also in view of the FTO requirements regarding audit coverage). And even in the deeper supply chain, all suppliers should be identified step by step (depending on risk and relevance). This is the only way to get an accurate picture of the actual risks and impacts.

Rating:

Relevant for the assessment here is the transparency at the respective tier level, with a focus initially on tier 1 level (incl. the subcontractors there, if any). Transparency is fulfilled if at least the name and address are available for these suppliers and these have also been communicated to the FTO for the Tier 1 level (in advance of the FPC). Known in this context means that the company knows about these suppliers. It is certainly possible that some suppliers are not disclosed to the company; these are not included in the percentage calculation, as this can never be completely ruled out.

Possible points:

0	Less than 100% of Tier 1 suppliers (incl. Tier 1 subcontracting) are known (name and address) and have been notified to the FTO
2	100% of Tier 1 suppliers (incl. Tier 1 subcontracting) are known (name and address) and have been notified to the FTO
1	100% Tier 2 suppliers are known (name and address)
1	First transparency at Tier 3 level (name and address of known suppliers)
1	First transparency at Tier 4 level (name and address of known suppliers)

Possible maximum score:

5

Evidence / documentation:

Supplier list per animal; proof of transparency per animal Level

Indicator: Monitoring and review of risk-based targets and measures

Specific question: 3.7 How comprehensively and regularly does the company monitor and review the risk-based objectives and measures?

Significance:

The objectives and measures that a company has created based on the regularly updated risk and impact analysis must, of course, be continuously monitored, reviewed and, if necessary, adjusted. This is the only way to ensure that the possible causes and effects of risks are prevented or at least reduced and that a company can also measure and document the success of its own activities. Above all, the company must define suitable key figures and indicators (measurable internal and external data) and regularly evaluate the status of these with relevant stakeholders.

Rating:

The following aspects, among others, are relevant for the assessment:

- The company establishes suitable key figures and indicators (measurable internal and external data) to implement and review the defined objectives and measures (e.g. how many of the set measures have already been implemented; how many objectives have already been achieved)
- The company evaluates the effectiveness of the measures and incorporates the results into the adaptation of internal structures and processes where necessary (for example, have the measures and targets already led to improvements for the people concerned or not)
- The company also regularly reviews the status of the targets set and reports on target achievement to relevant internal stakeholders

Possible points:

0	No definition of key figures and indicators
3	Suitable key figures and indicators as well as meaningful and concrete measures
3	Evaluation, review and internal reporting on indicators and

Possible maximum score:

6

Evidence / documentation:

Evidence relating to monitoring and review (KPIs, evaluations, reports, etc.)

Indicator: Training and communication at own location

Specific question: 3.8 How comprehensively does the company communicate internally on its own social and environmental standards and to what extent is internal training provided on this?

Significance:

In order to strengthen the topic of sustainability and the company's commitment to social and environmental standards internally, it is crucial that all employees in the company are made aware of the issues, trained and kept up to date. Only with the help of transparent communication, the involvement of as many employees as possible on the topics and targeted training can the topic of sustainability really be anchored in the company's DNA.

Rating:

The following aspects, among others, are relevant for the assessment:

- The company communicates regularly and comprehensively internally on the topic of social and environmental standards/sustainability, etc. (newsletter, intranet, internal presentations and events, workshops, etc.)
- The company conducts training with all employees on the topic of social and environmental standards/sustainability, etc.
- The company conducts training courses on specific sustainability topics with relevant personnel (e.g. purchasing, product management)
- Sustainability, purchasing and other relevant teams constantly exchange information with each other (or are organizationally anchored together) and share information regarding social and environmental standards in the production facilities

Possible points:

0	No training courses
0,5	General internal communication
0,5	General training(s)
1	Specific training(s)
1	Intensive internal exchange

Possible maximum score:

3

Evidence / documentation:

Evidence of internal communication and training (intranet, presentations, lists of participants, etc.)

Indicator: Training and capacity building in the supply chain

Specific question: 3.9 How comprehensively does the company communicate its own social and environmental standards to suppliers (upstream supply chain) and to what extent are training courses and/or capacity building programs carried out?

Significance:

In order to strengthen the issue of sustainability and the company's commitment to social and environmental standards in the supply chain (especially the upstream supply chain) and to influence improvements there, it is crucial that the company cooperates closely with suppliers and communicates the specifications and requirements for social and environmental standards clearly and transparently. Accordingly, it is important that the FTO code and / or the company's own code (which fulfills the FTO requirements) form the basis of cooperation between the company and its suppliers and business partners. This can work in stages, i.e. the immediate suppliers are informed and they pass it on to the deeper supply chain or the company communicates the requirements directly to all suppliers. It is also important that the company constantly sensitizes, trains and keeps its suppliers up to date with regard to its own commitment and requirements. At the same time, feedback from suppliers should also be taken into account regarding the extent to which the requirements have led to improvements in reality and the extent to which new requirements can be implemented at all.

Rating:

The following aspects, among others, are relevant for the assessment:

- The company communicates the specifications and requirements for social and environmental standards (FTO Code and/or its own code and other requirements) to suppliers (by means of contracts with direct suppliers, as well as training, education and e-mails with all other known suppliers). Suppliers commit to the Code by signing it
- Direct suppliers should also pass on the FTO requirements to suppliers further down the supply chain and work to ensure that they are implemented there
- The company's production site(s) participates in training, pilot projects or long-term capacity building programs in the area of social standards
- The company's production site(s) participates in training, pilot projects or long-term capacity building programs in the area of environmental standards
- The company monitors the training measures (in close cooperation with the suppliers) and continues them if necessary or creates its own follow-up measures
- The company takes into account supplier feedback on existing and planned training, pilot projects, long-term capacity building programs and general requirements

Possible points:

0	No communication, no training and/or capacity building programs
0,5	Basic communication of requirements (e.g. by means of contracts with direct suppliers)
0,5	More detailed communication of requirements (e.g: Training, education and information to all suppliers as well as checking whether direct suppliers pass on the FTO requirements)
2	Participation in training courses on social and/or environmental standards (incl. monitoring/feedback from suppliers and evaluation of training courses)

Possible maximum score:

3

Evidence / documentation:

Code of conduct; excerpts from supplier contracts; other evidence of communication with suppliers (lists of training participants, presentations, etc.)

Indicator: Cooperation with stakeholders

Specific question: 3.10. To what extent does the company participate in sector initiatives / organizations that support the improvement of social and/or environmental conditions?

Significance:

A company's credible and comprehensive commitment to improving social and environmental conditions is also demonstrated by the extent to which the company engages with other stakeholders on a sector-specific and cross-industry basis. A company's sole commitment to improvements is important. However, its influence is often very limited, which is why joint engagement with many stakeholders is crucial in order to have a relevant influence on improvements.

Rating:

Therefore, it is primarily relevant for the assessment whether the company participates in sector initiatives / organizations (apart from the FTO) that support the improvement of social and/or ecological conditions at its own site and in the supply chain (e.g. membership of amfori BSCI, ESCP, etc.).

Possible points:

0	No participation in additional, recognized initiative / organization
2	Participation in additional, recognized initiative / organization

Possible maximum score:

2

Evidence / documentation:

Proof of membership

Category 4: Communication & Reporting

Indicator: Evaluation of FTO membership

Specific question: 4.1 To what extent does the company evaluate FTO membership annually and does the company participate in FTO pilot projects?

Significance:

An annual evaluation of FTO membership is important on the one hand in order to know whether the company is really working intensively with the principles and requirements of the FTO. On the other hand, this evaluation is also important for the FTO as feedback in order to adapt its own requirements, structures and processes if necessary. In addition, the FTO rewards companies that participate in existing FTO pilot projects, provided they exist and are feasible for the company.

Rating:

What is primarily relevant for the assessment is whether the company evaluates FTO membership annually and involves top management in the process. In addition, participation in any existing FTO pilot projects is also evaluated, provided these are feasible in the company (depending on the country and scope of the project).

Possible points:

0	No evaluation
1	Evaluation with top management
3	Participation in FTO pilot projects (if available and applicable)

Possible maximum score:

4

Evidence / documentation:

Proof of evaluation (presentation, list of participants, etc.) and proof of participation in FTO projects

Indicator: External supply chain transparency**Specific question: 4.2 Does the company publish its own suppliers?****Significance:**

Transparency in all respects is an important part of the FTO principles, the FTO in public and the work within the FTO. Accordingly, we encourage companies to be transparent with the public and customers about their own sourcing countries (and the challenges there) and their own suppliers. Each member company must provide the list of suppliers (Tier 1) to the FTO before the respective FPC and, in the interests of transparency, the company should also make this list (and possibly also the deeper supply chain, if known) available to the public, as is already common practice in other industries.

Rating:

The following aspects, among others, are relevant for the assessment:

- The company publishes the list of Tier 1 suppliers (on its own website, FTO website or other sites)
- The company publishes the list of all (known) suppliers (on its own website, FTO website or other pages)

Possible points:

0	No publication
1	Tier 1 suppliers published
1	All suppliers published

Possible maximum score:

2

Evidence / documentation:

Link to the public supplier list

Indicator: General public communication

Specific question: 4.3 How and to what extent does the company communicate and inform the public about its own social and environmental commitment and how the company addresses human rights and environmental risks and impacts?

Significance:

In addition to a publicly accessible policy statement (see requirements for a policy statement in question 1.2.), it is also relevant that a company reports publicly on its own social and environmental commitment, but also on the social and environmental impacts of its own economic activities (e.g. risks and challenges in the supply chain, ecological footprint, etc.). As mentioned in the previous indicator, this transparency is essential for the work of the FTO. In this way, the public and customers are sensitized to these issues and at the same time it is easier to assess how seriously and comprehensively a company deals with its own human rights and environmental risks and impacts.

Rating:

The following aspects, among others, are relevant for the assessment:

- The company communicates publicly (e.g. basic information on sustainability on the website, CSR report, social or environmental report, etc.) on its general social and ecological commitment
- The company publicly communicates the identified material risks in the supply chain and the reasons for risk prioritization (see policy statement)
- The company communicates publicly on the objectives and measures it has established with regard to the prioritized risks
- The company communicates publicly regarding the effectiveness of the defined measures and the achievement of targets
- The company communicates at least once a year using the above-mentioned information channels
- The company reports publicly on its own / external complaints mechanism and the complaints it receives (at least anonymously and aggregated)

Possible points:

0	No public communication regarding the company's own social and environmental commitment and how it addresses human rights and environmental risks and impacts
0,5	Low level of public communication (including basic information on sustainability on the website)
0,5	Medium public communication (e.g. social or environmental report, sustainability report, etc.)
0,5	Comprehensive public communication (including risks, targets and measures
1	Very comprehensive public communication (incl. target achievement and effectiveness of measures, at least once a year)
0,5	Comprehensive public communication (including via the internal / external complaints mechanism)

Possible maximum score:

3

Evidence / documentation:

Links to public reports; website

Indicator: Communication with and about potentially affected persons

Specific question: 4.4 To what extent does the company communicate publicly whether and how it has engaged with relevant stakeholders, especially those potentially affected?

Significance:

Apart from the company's general, public communication, it is also important in terms of the UN Guiding Principles and the LkSG whether a company communicates publicly about whether and how often it has engaged with the relevant stakeholders, especially those potentially affected (including workers in the supply chain). This exchange is not least part of an impact analysis in order to investigate the actual and potential problems associated with the company's activities. Public communication in this regard is an expression of the company's intensive engagement with the social and environmental impact of its own business activities.

Rating:

The following aspects, among others, are relevant for the assessment:

- The company publicly communicates whether it has engaged with relevant stakeholders, especially those (potentially) affected
- The exchange with the relevant stakeholders, especially those (potentially) affected, took place in an appropriate / target group-oriented form

Possible points:

0	No public communication as to whether there has been an exchange with relevant stakeholders, especially (potentially) affected parties
1	Public communication for exchange with (potentially) affected parties
1	Appropriate / target group-oriented exchange with (potentially) affected parties

Possible maximum score:

2

Evidence / documentation:

Evidence of exchanges with affected parties (public reports, emails, minutes, etc.)

Category 5: Complaint & Remedy

Indicator: Monitoring in the supply chain

Specific question: 5.1 How and to what extent does the company monitor the existing complaint channels with suppliers (Tier 1)?

Significance:

Ideally, complaints should be resolved at the local level, i.e. potentially affected workers can turn to a local grievance mechanism at the production facilities. These can be internal factory grievance mechanisms such as grievance committees and grievance boxes or contact points / hotlines at local NGOs and / or trade unions. It is important that companies check whether the suppliers (focus Tier 1) have a local grievance mechanism at all, what the problems are in terms of trust and effectiveness and what violations (verifiable through audit reports, among other things) exist with regard to the existing grievance mechanisms at the suppliers. In this way, it is possible to work on the problems of the local grievance mechanisms and at the same time to report internally and externally on the areas in which the most frequent violations of the existing grievance mechanisms occur at the suppliers. At the same time, local grievance mechanisms (especially factory grievance committees and grievance boxes), if they exist, are often not effective or trustworthy (especially in high-risk countries) and are little used by workers. Therefore, there are often other governmental and non-governmental mechanisms or back-up mechanisms that are particularly effective when they complement the local mechanisms.

Rating:

The following aspects are particularly relevant for the assessment:

- The company monitors how many of its suppliers (Tier 1) have a functioning local grievance mechanism
- The company monitors what the problems are in terms of trust and effectiveness of the existing local grievance mechanism and reviews the violations that exist with regard to the existing grievance mechanisms at the suppliers (primarily through audit reports)
- The company endeavors to resolve the problems with the existing local grievance mechanisms with the suppliers and evaluates and, if necessary, reports on the violations that exist with regard to the existing grievance mechanisms with the suppliers.

Possible points:

0	No monitoring
1	Basic monitoring
1	Comprehensive monitoring
1	Very comprehensive monitoring

Possible maximum score:

3

Evidence / documentation:

Evidence regarding the monitoring of complaints (presentation, evaluations, etc.)

Indicator: Complaints mechanism

Specific question: 5.2.1 What kind of back-up grievance mechanism(s) does the company have with suppliers (Tier 1) and does the existing grievance mechanism(s) meet the effectiveness criteria below and how many of the Tier 1 suppliers are connected to the channel?

Significance:

As already noted in the previous question, local mechanisms are not always effective and/or trustworthy. It therefore makes sense, especially in high-risk countries and for suppliers where there is a proven increased risk, to offer a back-up complaints mechanism that complements the local structures. This can either be a company-owned channel (also via third-party providers) or an (already existing) industry-wide channel, both usually in the form of a hotline, email address or contact form.

Regardless of whether there is a separate or existing (sector-wide) grievance channel, the decisive factor for its functioning and efficiency is whether this mechanism fulfills the eight effectiveness criteria for grievance mechanisms. These are defined in the UN Guiding Principles, among others. Accordingly, an effective grievance mechanism is designed in such a way that it encourages and enables complaints to be submitted even before a violation of rights has occurred.

The effectiveness criteria for grievance mechanisms are as follows:

- Legitimacy: the company has, among other things, established a formal process that clearly regulates the handling of complaints (responsibilities within the company and training of the relevant employees); clear commitment that people who submit a complaint will not be disadvantaged or punished for doing so; a mechanism is in place to protect personal data in the complaints process
- Accessibility: Potential users are aware of the complaints mechanism and are also able to use it
- Predictability: clearly regulated procedure, including a time frame for each stage of the process and clear statements on available types of processes and results
- Balance: potential users are supported so that they can actually use the complaints mechanism
- Transparency: potential users are informed about the progress of the process, among other things
- Legal compatibility: among other things, solutions and remedial measures are developed in the interests of those potentially affected and serious complaints are prioritized
- Dialogue as a tool: potential users are involved in the development and evaluation of the mechanism and complaints are handled using dialog-based approaches
- Source of continuous learning: the member company monitors the effectiveness of the process and continuously improves the complaints channel based on practical experience (possibly together with industry initiatives and/or potentially affected parties)

Rating:

Relevant for the evaluation is, on the one hand, the extent to which the grievance mechanism used / available fulfills the eight effectiveness criteria and, on the other hand, how many of the Tier 1 suppliers have the grievance mechanism available

Possible points:

0	No complaint channel available
2	The complaint channel meets the effectiveness criteria and 1 to 24% of suppliers have access
2	The complaint channel meets the effectiveness criteria and 25 to 49% of suppliers have access
2	The complaint channel meets the effectiveness criteria and 50 to 74% of suppliers have access
2	The complaints channel meets the effectiveness criteria and 75 to 100% of suppliers have access

Possible maximum score:

8

Evidence / documentation:

Evidence regarding the complaint channel(s) (memberships, presentations, code of conduct, excerpts from supplier contracts, excerpts on communication to suppliers / affected parties, etc.).

Specific question: 5.2.2 How and to what extent does the company communicate the existing complaints channel(s) in the upstream supply chain and what is the reach/accessibility of this/these channel(s)?

Significance:

In the previous question, the complaint channel(s) is/are initially limited to Tier 1 suppliers. Nevertheless, the FTO is aware of the fact that the more users or potentially affected parties, especially in the deeper supply chain, have access to a grievance channel(s), the higher the effectiveness of the channel(s) and the sooner a company has information about the actual problems in the supply chain (especially the upstream supply chain). At the same time, a company should proactively communicate the grievance channel(s) in the supply chain and sensitize workers and management with regular training and education and, if necessary, in a language that workers and management in the production facilities also understand.

Rating:

The following aspects, among others, are relevant for the assessment:

- The grievance channel(s) used by the company has a reach beyond Tier 1, is available in all relevant languages and is actively communicated to factory management and workers
- The company conducts regular and proactive training and education with factory management and workers on the grievance channel(s)
- The complaint channel(s) used by the company are also accessible to external individuals and communities affected by the member company's business activities

Possible points:

0	No range beyond Tier 1
1	Reach beyond Tier 1 and proactive communication
1	Regular training and education
1	Accessible to external individuals and communities

Possible maximum score:

3

Evidence / documentation:

Evidence regarding the communication of the complaint channel(s) (memberships, presentations, code of conduct, excerpts from supplier contracts, excerpts on communication to suppliers / affected parties, etc.).

Indicator: Remedy / compensation

Specific question: 5.3 To what extent does the company have appropriate and effective corrective actions in place and how does the company monitor and review the implementation of the corrective actions taken?

Minimum requirement for awarding the seal: The company has drawn up suitable and effective remedial measures for the complaints received and monitors, enforces and reviews the implementation of the remedial measures taken in this regard.

Significance:

If a company has or contributes to negative impacts on workers in the supply chain through specific activities or business practices (this can become known through complaint channels or audits, for example), the company must take action. Taking action here means taking remedial and, if necessary, compensatory action and taking appropriate measures. Depending on the severity of the incident, the aim must be to improve the situation of those affected efficiently and quickly. A company must take immediate remedial action, particularly in the case of serious violations of the FTO Code. In the event that the negative impact was not caused by several companies alone, a company should work together with them to a joint contribution to improvement. This should be proportionate to the individual company's contribution to the problem. In some critical cases, mediation or conciliation by independent and mutually acceptable person(s) or organization(s) may also be used. Overall, remedial action can take many different forms. Typically, these include investigations (e.g. at suppliers / in the affected production facility), apologies, refunds, non-financial compensation or compensation payments. It is also important that companies work with the affected parties (and / or civil society organizations and trade unions) to determine the type of remedy and at the same time evaluate whether they are satisfied with the remediation process and the outcome.

Rating:

The following aspects, among others, are relevant for the assessment:

- The company has taken appropriate and effective remedial action for the actual negative impacts and the complaints received (together with the suppliers and/or affected parties)
- The company monitors, enforces and reviews the implementation of the corrective measures taken
- The majority of remedial actions (if any) have been taken within a reasonable period of time

Possible points:

0	No remedy or not suitable/effective
3	Appropriate and effective remedial measures
3	Monitoring and review of implementation
3	Majority of remedial measures implemented

Possible maximum score:

9

Evidence / documentation:

Evidence of the remedial measures taken (public reports, minutes, emails, presentations, overview of the monitoring system, evaluation of the remedial measures, etc.).

Glossary

Term	Definition
Remedy / Reparation	Remediation means that in the event of negative impacts on people and the environment in and around production facilities, measures are taken to stop or mitigate them, to help those affected and to compensate them as far as possible.
Appropriateness	Four criteria are decisive for the appropriateness of the company's efforts: the nature and scope of the company's business activities, the company's ability to influence the direct cause of a risk or breach of an obligation, the typically expected severity, probability and reversibility of a breach of an obligation and the nature of the company's contribution to the risk of the breach. The more and more serious the criteria are, the greater the efforts are expected to be.
Stakeholder group / Stakeholder	Stakeholders are all people, groups or organizations that are directly or indirectly affected by projects, processes or activities of a company (in the case of the FTO, a corporate sector) or that have an interest in these projects, processes or activities.
Workers	All employees who do not work in the management of a production facility. This also includes migrant workers, i.e. people who emigrate or have emigrated to another country (or in some cases to another region of the same country) with the aim of taking up gainful employment or changing jobs.
Workers in management	All employees who are employed by a company / production facility to control or manage its business activities.
Complaints mechanism	Ideally, complaints about labor and environmental standards / working and environmental conditions should be resolved at the local level. In reality, however, there is often no fair and effective grievance channel to which workers can turn. Therefore, there is a need for a tool and/or procedure that allows individuals or groups to raise concerns (see Complaints) or concerns they perceive about the social and environmental impacts of business activities, in particular the violation of labor and human rights and damage to the environment.
Affected parties	People or groups who are or could be directly or indirectly affected by the actions of a company and their effects.
Capacity Building	Measures that support suppliers / (own) production facilities in particular in the systematic further development and improvement of compliance with requirements (including FTO) as required.
Corrective Action Plan (CAP)	Time-bound, action-oriented and targeted plan with measures to avoid and/or eliminate and/or mitigate negative impacts of a

	production operation with regard to labor and social standards and environmental protection.
Direct environmental aspects	Direct environmental aspects (in the areas of energy, emissions, materials, water, waste and land use) are linked to the activities, products and services of the organization itself and can be controlled by internal management decisions. These include activities, products and services at the organization's own location / company headquarters or at subsidiaries.
Downstream supply chain	The FTO has agreed on a standardized structure for the description of the downstream supply chain structure. The supply chain ranges from the toy manufacturer, i.e. the company that produces toys itself, has them produced by production partners or procures goods in a full-service transaction, to the disposal and recycling of the goods. This therefore also includes transportation, trade (sale of the goods) and use by end consumers.
Purchase volume	The purchasing volume or procurement volume describes the goods purchased/procured from a supplier, which is specified in a selected currency (usually in €).
FAIR TOYS ORGANIZATION CODE	<p>All members of the FTO agree to the following code as the basis for the evaluation of processes in the company and in the supply chain. Where there are deficits, their gradual elimination must be ensured. In the event of differing interpretations of the Code and the laws of a country, the higher standard shall apply.</p> <p>1. The employment relationship is voluntary There must be no forced labor, including slave labor or prison labor (ILO Conventions 29 and 105).</p> <p>2. No discrimination in employment Recruitment, wage policies, access to training, promotion rules, termination of employment, retirement and all other aspects of employment relationships must be based on the principle of equal opportunity, regardless of ethnic origin, color, gender, sexual identity or orientation, religion, political affiliation, trade union membership, nationality, social origin, disability or handicap (ILO Conventions 100 and 111).</p> <p>3. No child labor There must be no child labor. Only workers who are above compulsory school age and at least 15 years old are employed (ILO Convention 138). There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and servitude or forced labor. [...] Children (between 15 and 18) shall not be engaged in any work which, by its nature or the circumstances in which it is carried out, is likely to be harmful to the health, safety or morals of children (ILO Convention 182).</p> <p>4 Freedom of association and the right to collective bargaining The right of all workers to form and join trade unions and to bargain collectively is recognized (ILO Conventions 87 and 98). In cases where freedom of association and the right to collective</p>

bargaining are restricted by law, the company promotes appropriate opportunities for independent and free association and bargaining for all workers. Workers' representatives must not be discriminated against and must have access to all workplaces when carrying out their representative functions (ILO Convention 135 and Recommendation 143).

5. Payment of living wages

Wages and bonuses for a normal working week must at least correspond to the legal or industry minimum and must always be sufficient to meet the basic needs of workers and their families and also include an amount for free disposal (ILO Conventions 26 and 131). Neither wage deductions as a punitive measure nor deductions that are not justified by national law are permitted. Deductions must not result in employees receiving less than the statutory or industry minimum. All employees are adequately and clearly informed about the calculation of their wages, including wage scales and payment deadlines.

6. No excessive working hours

Working hours must comply with legal requirements and industry standards. Employees must not be required to regularly work more than 48 hours per week. They must have at least one day off in every seven-day period. Overtime must be voluntary, must not exceed 12 hours per week, must not be regularly ordered and must always be compensated with an overtime bonus in addition to wages (ILO Convention 1).

7 Health and safety in the workplace

A safe and hygienic working environment must be provided and the greatest possible occupational health and safety must be promoted, taking into account current knowledge of the industrial sector and any specific hazards. Pay appropriate attention to industry-specific occupational risks and ensure that a safe and hygienic working environment is maintained. The best possible, effective measures must be taken to prevent accidents and reduce health hazards (based on ILO Convention 155). Physical abuse, threats of physical abuse, unusual punishments or disciplinary measures, sexual and other harassment, and intimidation by the employer are strictly prohibited.

8 Legally binding employment relationship

The labor and social obligations to employees arising from the regular employment relationship must not be circumvented by temporary work arrangements or by training programs that are not genuinely aimed at imparting skills or regular employment. Younger employees should be given the opportunity to participate in education and training programs.

9. Environmental responsibility

Ambitious environmental standards must be implemented throughout supply chains and work with manufacturing companies to continuously improve these standards. The focus here is on saving energy, reducing pollutants, avoiding waste and achieving climate neutrality. The use of resources must be

	minimized to a level that is also sustainable for the earth in the long term.
FPC fulfillment level	Percentage of points achieved in the FTO's annual Fair Performance Check compared to the maximum total number of points achievable by the individual company. The degree of fulfillment determines the classification (level 0 to 3) of the company and thus also the awarding of the seal.
FPC indicators	Audit-relevant specification of the company-related requirements in the FTO's annual Fair Performance Check, to which specific and audit-relevant questions are assigned.
FPC categories	Categories of the FTO's annual Fair Performance Check, to which specific and audit-relevant indicators and questions of the company-related requirements are assigned.
Business partner	Company in the supply chain with which a company maintains economic relations that are directly linked to its business activities, products or services.
Business activities	All actions and decisions taken by a company to implement its strategies and achieve its purpose and objectives. This may include activities relating to production, procurement, distribution, sales, etc.
Large companies	Companies that have more than 249 employees or more than 50 million euros in turnover.
Declaration of principle	A public declaration by the company on its human rights strategy, which is issued by the company management. This must include the following elements of a human rights strategy: 1. a description of the due diligence process, including a risk analysis, 2. the priority human rights and environmental risks identified, and 3. the expectations that the company has of its employees and suppliers with regard to respect for human rights and the protection of the environment.
ILO / ILO Core Labor Standards	Fundamental labour rights formulated by the International Labour Organization that are recognized as international minimum standards. The eight core labor standards include the following conventions: <ul style="list-style-type: none"> - Convention 29: Elimination of forced or compulsory labor - Convention 87: Freedom of Association and Protection of the Right to Organize - Convention 98: Right to organize and collective bargaining - Convention 100: Equal pay - Convention 105: Abolition of forced labor - Convention 111: Elimination of discrimination in respect of employment and occupation - Convention 138: Minimum age for admission to employment

	- Convention 182: Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor
Indirect environmental aspects	Environmental aspects (in the areas of energy, emissions, materials, water, waste and land use) that are linked to activities, products and services in the upstream and downstream supply chain (including suppliers, subcontractors, retailers, end consumers). These can be influenced by a company but cannot be fully controlled.
Core elements	Categorization of company-related requirements, based on the recommendations of the United Nations (UN) on elements of corporate due diligence.
Microenterprises	Companies with up to 9 employees and a turnover of up to 2 million euros.
Small business	Companies that have up to 49 employees and up to 10 million euros turnover and are not micro-enterprises.
Lead time	The time between the conceptualization/development of a product and the completion of the product or, in the case of contract manufacturing, the time between the awarding of the contract and the fulfilment of an order.
Supplier	According to the FTO, a supplier is a business partner who manufactures or supplies accessories, goods or partial goods. This includes business partners in the upstream or downstream supply chain (upstream and downstream supply chain), e.g. raw material suppliers or transportation companies.
Supply chain	The supply chain refers to all of a company's products and services. It includes all the steps in Germany and abroad that are required to manufacture the products and provide the services, from the extraction of raw materials to the disposal and recycling of the goods.
Medium-sized companies	Companies that have up to 249 employees and up to 50 million euros turnover and are not small businesses.
Monitoring system	A monitoring system should consist of two elements: 1. selective verification of compliance with requirements at suppliers / in (own) production facilities and 2. continuous monitoring. Selective monitoring is carried out, for example, by means of audits or supplier visits. Continuous monitoring, on the other hand, involves monitoring the development of a supplier / the company's (own) production facilities over a longer period of time. It builds on and evaluates selective monitoring, but includes additional sources (complaint channels, self-assessments, training, supplier evaluation, etc.). Ideally, a comprehensive monitoring system also includes capacity building measures that support suppliers / (own) production facilities in particular with systematic further development and improvement where necessary.

Non-governmental organizations (NGO/NGO)	Civil society institutions, associations or groups that represent common public interests, are not profit-oriented and are not dependent on governments or state agencies for their positions. These include, for example, trade unions, churches, organizations, associations and groups that campaign for social and environmental issues, for example in the manufacture of toys.
Low-risk country	Production country classified as a "low-risk country" according to the current version of the amfori BSCI Countries' Risk Classification (based on the World Governance Indicators)
Production facility	The factory/place where the toy (components) are actually manufactured.
Risk, risks	<p>Risks or human rights risks (including in the sense of the FTO Code) describe possible harm or grievances for people or the environment, regardless of whether they have already occurred. Risks therefore refer to a situation in which there is a sufficient probability of a violation of one of the elements of the FTO Code due to actual circumstances. Risks do not relate to the financial or business risks of the company as such but may be associated with them.</p> <p>According to the FTO Code, potential risks in the toy industry include the following:</p> <ul style="list-style-type: none"> - Child labor - Forced labor, including slave or prison labor - discrimination - Violation of the right to freedom of association and collective bargaining - Lack of payment of living wages - excessive working hours - lack of health and safety in the workplace - no legally binding employment relationship - lack of environmental responsibility
Risk determination	A regulated procedure for analyzing (human rights) risks (see definition of risks). Risk identification involves systematically analyzing how the company's actions and all associated processes affect human rights and the environment.
(High) risk country	Production country that has either been classified as a "risk country" according to the current version of the amfori BSCI Countries' Risk Classification (based on the World Governance Indicators). Or a production country that has been classified as a (high) risk country based on the member company's country-specific risk analysis.
Toys	With regard to the definition of toys, the FTO refers to the International Classification of Marks (also known as the Nice Classification). This is an international agreement on the classification of goods and services for the registration of a trademark. For the FTO, as a registered trademark, all goods

	and services in classes 14, 16, 20, 28 and 35 of the Nice Classification can in principle be toys.
Toy manufacturer (Manufacturer)	Companies that produce toys themselves have them produced by production partners or procure goods as a full-service business.
Toy trade	All structures that purchase goods and sell them to consumers.
Strategic partnership	The member company has been working with the supplier / production facility for at least 5 years.
systematic	Following a clearly defined procedure that is applied systematically and consistently.
Subsidiary	A subsidiary is a company that is dependent on a parent company. It is also referred to as a subsidiary, sub-subsidiary or interlocking company.
Top management	Designation for the area of activity of a person at the highest level in the hierarchical organizational structure of a company. This usually includes board members or managing directors.
Subcontractor	A subcontractor is a company engaged by a bidder (production facilities that take over either the complete production of a product or only parts of the production), to contribute to orders that the bidder has accepted. The subcontractor generally has no contractual relationship of its own with the contracting authority. The awarding of a contract to subcontractors is called subcontracting.
Corporate duty of care	Responsibility of companies to establish structures, processes and measures that make it possible to avoid, mitigate and, if necessary, compensate for negative impacts on human rights and the environment caused by their own business activities, relationships and products.
Upstream supply chain	The FTO has agreed on a standardized structure to describe the upstream supply chain structure. The supply chain ranges from raw material extraction (tier 4), raw material processing (tier 3) and material production (tier 2) to final product manufacture (tier 1). Importers and agents (pure trading business partners) are also part of the upstream supply chain.
vulnerable groups	Individuals who belong to certain groups or sections of the population who are or could be exposed to a particular risk of vulnerability or exclusion in a particular context or frequently.

List of abbreviations

Abbreviation	Description
amfori BSCI	amfori Business Social Compliance Initiative
C(S)R	Corporate (Social) Responsibility
CAP	Corrective Action Plan
CSDDD	Corporate Sustainability Due Diligence Directive
EMAS	Eco Management and Audit Scheme
FPC	Fair Performance Check
FTO	Fair Toys Organization
ESCP	Ethical Supply Chain Program
ILO / ILO	International Labour Organization
ISO	International Organization for Standardization
ITUC	The International Trade Union Confederation
CEP services	Courier, express and parcel services
KPI	Key Performance Indicator
LkSG	German Supply Chain Due Diligence Act
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development (Organization for Economic Cooperation and Development)
POPs Convention	Persistent organic pollutants - Convention
SAI (SA 8000)	Social Accountability International (international standard of SAI)
SEDEX	Supplier Ethical Data Exchange
SMETA	Sedex Members Ethical Trade Audit
VN	United Nations