

CSE

CERTIFIED SUSTAINABLE ECONOMICS



**QUALITY-STANDARD FOR CERTIFICATION OF
SUSTAINABLE BUSINESS MANAGEMENT**

Developed and updated by GfaW Gesellschaft für angewandte Wirtschaftsethik
(Society of Applied Ethics in Business) together with the working group "Lebendige
Nachhaltigkeit" (Living Sustainability)

Version 5.3/2018 from 22.06.2018

www.gfaw.eu

Certified Sustainable Economics

PREAMBLE

“Business as usual is not an option”¹ is the clear message of the World Agriculture Report, published in 2008. Across the globe, hunger has still not been defeated, and the impacts of our behaviour on the environment pose an incalculable threat to human existence. This fatal development has reached the planet's boundaries; in some cases they have been irreparably crossed. The consequences of the way in which we have been conducting business are felt not only by the poor countries, but also in the rich countries. The privileged members of the global population have fulfilled their basic needs at the expense of the poorer countries, and there is still little sign of what Rippin described in 2008 as the “moralisation of the markets”². According to his theory, when humans' basic needs have been met, they will also use consumption to strive for fulfilment of purpose.

The term “sustainability“ is often cited as the promising solution for the increasing challenges of today's global situation. Sustainability fulfils the basic human need for security in the future. Sustainability also means resilience, the ability to manage crises and to learn from them, and to be protected from ecological, social and economic threats.³

¹ International Assessment of Agricultural Knowledge, Science and Technology of Development (2008): on 11.01.2012

² Rippin, Markus (2008): Analyse von Forschungsergebnissen im Hinblick auf die praxisrelevante Anwendung für das Marketing von Öko-Produkten. on 11.01.2012

³ Grober, Ulrich (2010): Die Entdeckung der Nachhaltigkeit. Kulturgeschichte eines Begriffs. Verlag Antje Kunstmann GmbH: p. 13 to 14

The trend towards ways of doing business that "preserve" has evolved from the margins, becoming the social buzz-word of the hour, not to mention a major image factor. The term is used by players of all kinds, thereby diluting its potential. Genuine sustainability, however, offers companies the opportunity to integrate societal and entrepreneurial activities into a single, holistic strategy. Sustainable business, when practised consistently and honestly, can play a considerable part in protecting our livelihood and the basis of our existence.

The implementation of such a view of sustainability, however, is a development process which goes hand in hand with various challenges. In this respect, the CSE standard plays a supportive role by offering enterprises guidelines along which to conduct sustainable business management and at the same time allows them to maximise transparency and accountability through certification. The standard is divided into minimum requirements and individual enterprise-level goals, reflecting the process-oriented nature of the standard. Verification of this process is enabled by the use of indicators. This process-oriented method of sustainable business management certification is a new approach in the field of certification.

The CSE standard offers a reliable orientation to customers when making purchasing decisions, thereby contributing to the moralisation of the market. The aim of the standard is to deliver an effective instrument with which to run sustainable businesses, face up to realistic requirements and therefore contribute to the preservation of our planet.

Contents

Preamble2

1. Definitions5
2. Introduction9
3. Certification And Reaction To Non-compliance10
4. Revision of the standard10
5. Systemic Requirements11
6. Minimum Requirements11
 - 6.1 Enterprises13
 - 6.2 External contract manufacturing13
 - 6.3 Input14
 - 6.3.1 Ecology14
 - 6.3.2 Social15
 - 6.3.3 Economy16
 - 6.4 Process16
 - 6.4.1 Ecology16
 - 6.4.2 Social Aspects17
 - 6.4.3 Economy17
 - 6.5 Output17
 - 6.5.1 Ecology17
 - 6.5.2 Social Aspects18
 - 6.5.3 Economy18
- 7 Criteria Catalogue of Company-Defined Sustainability Goals19
 - 7.1 Social Aspects19
 - 7.2 Ecology20
 - 7.3 Economy21
- 8 Sustainability priorities22
9. Appendix22

1. DEFINITIONS

Efficiency: in this standard, the term efficiency is used to mean the benefit-cost ratio in which the desired result is achieved with the minimum cost (in terms of resources) and the maximum benefit.

Fair Company: to promote fair treatment of interns and to avoid their exploitation, the Fair Company initiative has developed criteria for internships and work placements:

- The internship should serve as an orientation for students and is not a substitute for a permanent job.
- Responsibilities and objectives should be clearly defined.
- The time frame of the internship is realistic and makes sense.
- The company should not offer internships as a consolation to graduates who have applied for a permanent position.
- Interns should be given appropriate compensation.
- The tasks and objectives of the internship should be transparent, and a contact person available.

Green IT: as in the field of "green chemistry", as yet there are no verifiable criteria or even a standard for the sustainable use of computing and technology. The term "Green IT", as used in the CSE standard, refers to the environmentally friendly and resource-efficient use of information and communication technologies. The CSE standard follows the guidelines given in "Sustainable IT infrastructure, guide to the implementation in SMEs" by Kaneo and Unternehmensgrün⁴:

1. Green IT operation of the IT infrastructure

Minimising resource and energy requirements in the use of IT (for example through lowering the energy consumption by consolidating multiple servers to one).

4

Minimising resource and energy consumption through the use of IT (for example through optimised control processes in production, replacing desktop PCs with mini-computers, adapting data storage methods).

2. Sustainable IT purchase

Environmental and social labelling can offer an orientation. TCO is mentioned as an environmental and social label; Blue Angel label and Ecolabel are listed as environmental labels.

3. System Design and IT infrastructure

To save resources, automation and standardisation are used, along with the structured storage of data and the use of open source and free software.

4. Corporate Responsibility for Sustainable IT

When purchasing, take note of repair-ability and upgrade-ability, have an influence by asking for information from manufacturers or joining relevant associations or initiatives.

Green Chemistry: conducting chemistry in a way that attempts to curb pollution, save energy and carry out production in an as environmentally friendly way as possible. At the same time, hazards in both production and product should be avoided. To achieve these goals, the development and use of new techniques is necessary.

The twelve basic principles of Green Chemistry were developed by Paul Anastas from the Environmental Protection Agency and John C. Warner. For the CSE Standard, the following seven of these principles are relevant with reference to chemical reactions and auxiliaries in the framework of the standards for the production of natural cosmetics and care products listed in section 6 of this document:

- Avoid environmental pollution: carry out chemical syntheses, processes and reactors in such a way that pollution and contamination are avoided
- Intensive use of renewable raw materials
- Application of safe solvents and reaction conditions; if possible, the use of additives is avoided
- Increasing energy efficiency: if possible, reactions are carried out at room temperature
- The production of chemicals and products which biodegradable naturally after use without harming the environment

- Real-time monitoring, control and management of all procedures in order to prevent pollution, contamination and thus waste
- Minimise the risk for accidents

GMO: genetically modified organism

Indicators: in this standard, evidence of compliance is given through the use of indicators. These indicators ideally consist of performance figures. In cases where it is not yet possible to establish a performance figure or where they are not useful, a change in the desired direction is considered as indication.

Organic cultivation: certified organic cultivation according to the EU Organic Regulation.

Organically reared livestock: certified organic livestock according to the EU Organic Regulation.

Consistency: quality, coherence, unity - in this standard, the term is used to describe the cycle of materials. No waste is created, simply products. Consistent products are therefore products which can be separated easily into their individual components, from which new products can be created in turn.

Cosmetics: substances or mixtures which are intended to come into contact with external parts of the human body or with teeth and mucous membranes of the oral cavity with the sole purpose of perfuming them, cleaning them, changing their appearance, protecting them, keeping them in good condition or influencing body odours.

Toll manufacturers: companies that manufacture products on behalf of a contracting company.

Multicomponent packaging: packaging consisting of various individual components such as paper, aluminium, plastic, etc.

Sustainable Building according to the DGNB system: The German Sustainable Building Council (DGNB) presents graded awards (bronze, silver, gold, platinum) for sustainable construction projects. Criteria for process quality, technical quality, socio-cultural and functional quality and economic performance are evaluated. In the CSE standard, the term "sustainable building" is used to mean the planning and implementation of construction projects according to the DGNB criteria.

Green Electricity: electricity from renewable energy sources

Product: a product or service supplied for the market.

Production company: a company which produces its own products for the market.

Quality: based on the general definition of "quality" as the matching of claim and performance, the term quality is understood in this standard in the additional terms of sustainability. The claim is therefore to implement sustainable business practices, while performance is defined as the way the company actually practises its business. In this

understanding, a quality management system therefore includes not only the classic attributes such as documentation, traceability, continuous improvement, etc. according to ISO 9001, but also includes the sustainability issues of this standard including ISO 14001.

Sustainability Management System: the system that organises all activities in terms of sustainability.

Raw materials: working / original materials for products and services.

Ingredients: components of a product, including both the final product and the packaging.

Sufficiency: doing business frugally means finding a healthy balance between consumption, reduced consumption and decommercialisation. In the CSE standard, the natural limits on resources are also considered as part of the concept of sufficiency, and the focus is therefore on minimising the consumption of raw materials.

2. INTRODUCTION

This standard regulates the requirements for the acquisition of authorisation usage of the sustainability label "CSE" for companies. Requirements that are already covered by regulations on cosmetics, waste disposal, labour etc. are not part of this standard. The standard requires that all legal regulations are respected, including avoiding corruption, not forming tax havens, not funding militant organisations, etc.

The CSE-Standard has been designed for companies that can be allocated to the sectors of production, services and trade. It is divided into **systemic requirements**, **minimum requirements**, **company-defined sustainability goals** and **sustainability priorities**.

The **systemic requirements** constitute ISO 14001. This standard provides the right tools to build a systematic management system that not only ensures that the minimum requirements are met, but also that the sustainability goals are achieved.

The **minimum requirements** are the basic and absolute criteria for sustainability certification. All three fields of ecology, social and economic sustainability are taken into account. In order to maintain a comprehensive structure, the criteria are organised according to the flow of goods within a company. The input section contains criteria that are relevant for resources that flow into the company. The process section lists criteria involved in the manufacture of the product (including services), trade flows having a subordinate role in this area. The output section establishes the criteria for everything which leaves the company.

In each area, all three dimensions of sustainability - economic, social and ecology – are considered.

The **company-defined sustainability goals** are criteria that are chosen by the individual company for their further development. They are based on the minimum requirements and are a consistent continuation of the approaches toward sustainability. They are roughly divided into environmental, social and economic areas, although the dimensions often overlap. During the first audit, the objectives the company wants to achieve are determined. The commitment to a minimum of 3 goals from at least 2 dimensions is a prerequisite for certification. As soon as a goal has been achieved, a new goal and time frame for achieving it are set. If one of the minimum requirement criteria is not met or a goal is not reached without explanation during the specified time frame, the company has failed to comply with the standard and therefore loses the right to use the label.

The **sustainability priorities** consist of broad themes that each individual company can select optionally and can be labelled separately by the GFAW if desired. The list of sustainability priorities is open, and can be added to at any time.

The CSE standard is continually under development and is periodically adjusted according to the latest knowledge. New versions of the standard will be published on the GFAW's website and sent to the CSE label-users and certification bodies.

3. CERTIFICATION AND REACTION TO NON-COMPLIANCE

The implementation of the measures for sustainable economic management according to the requirements of this standard are to be documented by the individual company and will be audited annually by an independent body.

The certification and control bodies that are permitted by the CSE standard work according to ISO 17065 and have long-running experience of certifying ethically oriented standards in the business sector. Coordination of the certification process and the issuing of certificates is overseen by EcoControl GmbH.

During the first audit, the minimum requirements will be checked and at least three sustainability goals and the time frame for their implementation determined. During the annual repeat audits, the minimum requirements and the implementation of the measures to achieve the sustainability goals will be checked with the help of indicators. The auditing control body completes an evaluation report per audit, a copy of which is sent to EcoControl GmbH for the certification decision. If the report proves that the minimum requirements are being met and that the measures to reach the sustainability goals are being implemented, the company receives a certificate and is entitled to use the label.

If any criterion of the minimum requirements is not met, the company has four weeks within which to re-establish conformity with this criterion. If non-compliance regarding the sustainability goals are detected during the repeat audit, the certification body sets a deadline to correct this issue; this deadline will be between one and six months, according to the degree of non-compliance. In this period, the company must not only undertake measures to correct the non-compliance, but must also document the results of the correction measures. If these discrepancies are not implemented in the long-term, conformity does not exist with the standard and the authorisation to use the label expires.

4. REVISION OF THE STANDARD

The standard owner reviews the standard on an annual basis. The working group "Living Sustainability" consists of the standard owner and a board of pilot enterprises, appointed stakeholder representatives and expert consultants. Decisions regarding revision of the standard are made by the standard owner after consensus has been reached within the working group.

5. SYSTEMIC REQUIREMENTS

CSE-certified companies introduce a sustainability management system to ensure the quality of their sustainable management according to ISO 14001:2015. The pre-existing, company-specific management system is integrated into this, creating a single integrated system. This sustainability management system is then used to systematically maintain high quality sustainable management of the company.

The norm ISO 14001:2015 serves as a basis for the sustainability management system. This standard refers only to the environment, for example containing the establishment of environmental issues and a systematic procedure to deal with these. The CSE standard goes far beyond these norms, however, not only by including additional pillars of sustainability, but also by setting absolute criteria.

Instructions, templates, assistance and equipment for complying with the standard can be found in the appendix of this document. ⁵

6. MINIMUM REQUIREMENTS

CSE-certified companies offer services and products which represent a contribution to the protection and preservation of the environment and/or are a service to the common good. By following the intentions of the standard, they have consequences not only within their own systems, but also outwardly, at the borders of the system.

The company presents a credible argument for the benefits of their products in terms of sustainability. The added value of these products for humans and the environment is clearly described. On the basis of their sustainable corporate philosophy, CSE-certified companies define their code of honour or refer to standard sustainability criteria in their industry (for example ecological product certifications, the DGNB's evaluation system for sustainable building, etc.) upon which they base their products. In particular, this Code contains at least the following points in the following industries:

5 For CSE-certified companies already, there is a transitional period until the end of 2020 Compliance with this requirement.

SERVICE:

1. The CSE-certified company explicitly follows the principle of profit optimisation rather than the principle of maximising profits for themselves.
2. Customers of the CSE-certified company are targeted on the basis of their ethical principles. These principles include exclusion criteria such as external tax havens, the arms industry etc.
3. The service offered by a CSE-certified company provides significant added value for the customer or the common good in terms of sustainability, as defined in this standard.

TRADING WITH ORGANIC PRODUCTS:

At least 75% of traded products are certified under the environmental standard of the product category, as follows:

Food: EU Organic Regulation, USDA, organic farming associations, IFOAM family.

Cosmetics: NaTrue, COSMOS, BDIH, EcoCert, Soil Association, Cosmebio, ICADA, demeter, nature, land, Vivanes 2011 Organic and natural cosmetics in accordance with the Austrian Food Code, NCS.

Raw materials for Cosmetics: NaTrue, NCS, COSMOS, EU Organic Regulation, Union of Ethical Bio Trade (UEBT).

Detergents and cleaning products: EcoGarantie, NCP, EcoCert.

Textiles: GOTS, IVN, Naturland, Demeter, UEBT.

Ecological non-food products such as toiletries, fertilisers, pesticides, hygiene products and other natural products: NCP.

All other industries: if no product standard exists for the industry, similar processing guidelines of the recognised organic associations can be considered. Ancillary fertilisers, plant protection products and plant tonics that are approved by the EU Organic Regulations for organic farming may also be used in CSE-certified companies.

PRODUCTION:

Production companies applying to be CSE-certified must produce at least 75% of their total amount of products according to a sector-relevant produce standard:

Food: EU Organic Regulation, USDA, organic farming associations, IFOAM family.

Cosmetics: NaTrue, COSMOS, BDIH, EcoCert, Soil Association, Cosmebio, ICADA, demeter, naturland, Vivanes 2011, Organic and natural cosmetics in accordance with the Austrian Food Code, NCS.

Raw material manufacturers for Cosmetics: NaTrue, NCS, COSMOS, EU Organic Regulation, Union of Ethical Bio Trade (UEBT).

Detergents and cleaning products: Ecogarantie, NCP Nature Care Product Standard.

Textiles: GOTS, IVN, Naturland, Demeter, UEBT.

Ecological non-food products such as toiletries, fertilisers, pesticides, hygiene products and other natural products: NCP Nature Care Product Standard.

All other industries: if no product standard exists for the industry, similar processing guidelines of the recognised organic associations can be considered. Ancillary fertilisers, plant protection products and plant tonics that are approved according to EU Organic Regulation for organic farming may also be used in CSE-certified companies.

Toll manufacturers (subcontracted processing companies):

At least 75% of the annual total production must comply with the requirements set out for them by the standard. If customers demand products which do not conform to the standard, the company will offer conform products.

6.1 ENTERPRISES

Every company has to formulate visions as part of a **corporate philosophy** that addresses sustainability in terms of the environment, society and all interest groups that are relevant for the company. Interest groups include customers, employees, investors, suppliers, the social environment and other groups that interact with the company. A documented sustainability policy can be found in the sustainability management system, staff are conscious of it, and those who are interested can gain access to it. It is based on the three principles of sufficiency, efficiency and consistency. At least one **responsible person** is designated to each sustainability topic.

At least three realistic **sustainability goals** are defined, and there is a strategy in place to reach these goals.

The enterprise has a responsible approach towards **animal testing**. If the use of animal testing is unavoidable due to legal requirements (medical products, REACH etc.), they are tolerated only to an absolute minimum. The company is committed to finding alternatives.

6.2 EXTERNAL CONTRACT MANUFACTURING

Production and procedures contracted to take place outside CSE-certified companies but falling within the same legal area are also subject to the CSE standard. They are encouraged to apply for CSE certification themselves.

For trade and services, the following applies:

On the basis of sustainable corporate philosophy, audits are carried out at subcontractors' sites based on the sustainability aspects which are most important to

that company. If these aspects are not fulfilled, opportunities for improvement and objectives to satisfy the important aspects are queried. If it turns out that the important aspects of sustainability cannot be implemented long-term, the contracting company must look for alternatives.

The audits are carried out at a reasonable interval depending on the contract (as a guide: every 3 years for permanent contracts, or after every 3rd order for irregular orders).

For production, the following applies:

If the entire production process takes place in another factory, this is subject to the CSE criteria, and a full CSE audit takes place. The contracting company is responsible for ensuring that the CSE audit can be carried out.

If the majority of the annual production, i.e. 51% or more of the annual production takes place in an external company, this must comply with the minimum requirements of the CSE standard. Again, there will be a CSE audit of the minimum requirements.

If only part (less than 51%) of the production takes place in one or more external companies, root of the number of toll manufacturers must agree to comply with the minimum requirements of the CSE standards.

6.3 INPUT

The company uses a purchase policy for all materials including raw materials; this is based on the sustainable development strategy. It implies that no human rights are violated, and that no products that are associated with animal experiments (as far as legally compatible) are used. It is based on the principles of sufficiency, efficiency and consistency.

6.3.1 ECOLOGY

- a) No raw material is derived from plants or animals that are threatened with extinction and are on the list of the International Union for Conservation of Nature and Natural Resources (IUCN). Exception are plants and animals that were humanely cultivated or farmed.
- b) Only green electricity is used. This applies to companies that are located in Germany or Switzerland. Companies from other countries who cannot use green electricity must present proof to this effect. These companies must create an action plan to actively promote a change.
- c) All materials are procured sustainably in accordance with the purchase policy.
- d) Paper products are made from 100% recycled paper.
- e) IT equipment of equal merit is purchased according to the following priorities: TCO certified, Blue Angel, Ecolabel, epeat.
- f) Energy (electricity, heating and cooling) is purchased based on the purchase policy.

For production companies only:

g) Production companies preferably use ingredients made up of vegetable raw material that comes from organic cultivation, wild collection and / or fair trade.

h) No raw material based on mineral oil is used as an ingredient for products (excluding packaging), apart from those included in the approved standard of the respective raw materials.

Exceptions:

i. For non-certified cosmetic products: in justified cases, a maximum of 2 ingredients up to a total maximum of 1% of the final product will be transitionally tolerated if justified through an altered effectiveness. An action plan detailing conversion to compliant ingredients must be drawn up.

ii. Exceptions for contracted commodity producers: if a customer demands mineral oil-based raw materials, they are offered an alternative, provided that this is feasible. Overall, no more than 15% of the company's annual production volume is based on mineral oil. Regardless of this, the criterion remains that at least 75% of the annual production quantity must be natural products as defined in this standard.

j) Critical raw materials, the cultivation of which poses a threat to indigenous populations and / or ecosystems (such as palm oil and palm kernel oil), are used according to the following priorities: organic, UEBT, Fair Trade, fairforlife, forlife or Rapunzel Hand-in-Hand. If palm oil or palm kernel oil is not available in these qualities, it must be sourced at least from RSPO-cultivation.

k) Product packaging can be recycled, is PEFC, FSC or C2C certified or biodegradable (glass, paper, recyclable plastic, climate partner).

l) Chemically processed raw materials should preferably come from green chemistry / gentle preparation process according to the above-mentioned definition. As green chemistry is not certifiable as a production process, the company must show its efforts to source raw materials from green chemistry - synonymous with gentle production process – from one year after certification. A request to each supplier with which the company already does business and three requests about new raw materials is considered as proof of this effort.

m) Along the entire production chain, including purchased raw materials, no GMOs are used.

6.3.2 SOCIAL

a) The recruitment of new employees is not discriminatory, but is performed on the basis of competence, aptitude, job description, and other company-specific criteria.

b) An employee receives notification of all decisions and visions relevant to him or her. Evidence can be shown that their opinion is considered in the company.

- c) Employee participation is facilitated in the company.
- d) If there is a commodity which can be sourced from fair trade, fair production or fair wild collection (fairforlife, forlife, UEBT, Fair Trade, naturland fair, Rapunzel Hand-in-Hand) which meets the quality requirements, this is preferably used. From the beginning of their certification, the company searches the websites of the respective standards for the desired commodity.

6.3.3 ECONOMY

- a) Long-term partnerships are built. When choosing partnerships, sustainability aspects are ranked equally alongside price. If suppliers are changed, reasons for this change must be communicated. This forms a basis for cooperation.
- b) If capital is borrowed, regional aspects and ethically-oriented funders are considered. In each individual case, it should be examined whether a local donor or a sustainable financial institution should be chosen.

6.4 PROCESS

The company ensures that all processes are designed in line with the company's goals and sustainability policy.

6.4.1 ECOLOGY

- a) **Storage** meets the requirements for subcontractors. The selection of the storage place is carried out at least according to environmental and logistical criteria, using the following principle: the shortest route for the largest loads.
- b) Energy and resource consumption (electricity, heating, cooling, water, IT, etc.) is optimised (e.g. through appropriate behaviour at work). In this respect there is a strategy that aims to reduce resources and energy and includes staff training. When new work processes are planned, the energy aspect is taken into account.
- c) In the area of mobility, trips are minimised. The company produces a travel policy based on the motto "avoid, reduce and compensate". Resource-saving methods of transportation are always given priority.

Only for production companies:

- a) Use of green chemistry according to the definition given in this documentation
- b) Cleaning of company's facilities and premises is carried out using Thermie, UV radiation, ozonation and / or biodegradable detergent according to the Detergents Regulation, preferably with NCP certified cleaning agents.

6.4.2 SOCIAL ASPECTS

- a) Each employee's area of responsibility is so defined that the individual can act independently within their area of competence and undergo further training. The aim is personal motivation and satisfaction in the working place increase, thus having a positive impact on performance.
- b) Working hours are designed to be family-friendly, whereby working hours are managed flexibly. Meetings and obligatory internal events after 17:00 are only necessary in exceptional cases and for which justification can be given. No employee is forced to work at the weekend.
- c) Equality of opportunities for all employees is ensured in terms of employment, training, further education and career advancement.
- d) Training about and improvements in the area of environmental aspects, occupational safety, occupational health and accident prevention are carried out regularly.
- e) Everyone who is involved in the company has the opportunity to develop themselves further. To this end, sufficient resources are made available by the company.
- f) If it is technically practicable, the company allows home office.
- g) Employee satisfaction is taken seriously within the company. The company has a process with which it measures satisfaction, and examines and acts on the results.
- h) Interns are not exploited. The company follows the "fair company" principles when recruiting trainees.

6.4.3 ECONOMY

The company's financing policy is in line with ethical criteria (for example, by investing in ecological pension funds etc.).

6.5 OUTPUT

The impact of the company's activities and products are described in the sustainability management system in terms of the circular concept, with the aim of maximising the life cycle of products.

6.5.1 ECOLOGY

- a) The company knows the legal requirements pertaining to waste and waste water. It has a system for waste and waste water management, the aim of which is to reduce waste and minimise water pollution.

- b) Surfactants contained in detergents and cleaning products used within the company are completely biodegradable according to the Detergents Regulation 648/2004.
- c) Either a climate certification is carried out, or else proof of a reduction of greenhouse gases per sold product is provided between biennial audit appointments for service per measurable unit by the end of the period in which savings can potentially be made. This also includes sales outlets.

6.5.2 SOCIAL ASPECTS

- a) **Advertising** of the products is honest. No promises are made about the products which have not previously been tested.
- b) The enterprise has established a procedure to deal with **redundancies** in a fair way. The aim should be that if redundancy is necessary for operational reasons, it should be communicated as soon as possible and handled with the best support. This includes making the reasons for the redundancy transparent, offering help to find a new position, offering a career advice service, giving references, providing compensation. The principle of training instead of job termination should be applied.

6.5.3 ECONOMY

- a) **Profits** are returned in such a way that they are invested in implementing the measures necessary for reaching the company's goals (e.g. in the form of investment into energy saving measures, investment into further training of the employees, ethical investment or similar activities).
- b) The **wages** of female and male staff should be equal in terms of level of responsibility and pay level.
- c) The **income gap of 1:15** is not exceeded within the company.
- d) **Transparency:** the company does not misuse the term „sustainability“. Its sustainability performance is integrated transparently in its marketing strategy. Staff training on sustainability should be carried out at sales points, as these are the most important contact point to the consumer.
- e) The company designs its **profit margins** in line with the intention of this standard. It has and continues to develop an awareness about the impact that excessive profit margins have on sustainability.

7 CRITERIA CATALOGUE OF COMPANY-DEFINED SUSTAINABILITY GOALS

The criteria for sustainability goals defined on the individual enterprise level are built on the minimum requirements. These goals are either chosen by the company from the criteria listed below, or are based on self-generated criteria. Of the sustainability targets, of which there should be at least 3, a maximum of 2 may be taken from any one dimension (social, ecology or economy). One of the two dimensions must be ecology in order to meet the ISO 14001:2015 standard. In other words, the prerequisite for the continued use of the label "CSE" is, alongside compliance with the minimum requirements, proof that measures are being carried out to reach the selected targets, with evidence marked by the appropriate indicators. These indicators are in turn continually adapted to the current state of knowledge.

The list of possible sustainability objectives is open, as it can be added to upon application to the "Living sustainability" working group.

The time frame within which to achieve these goals is from 3 to 5 years. In justified cases, the period may be extended. Applications for such an extension are submitted to the certification committee.

7.1 SOCIAL ASPECTS

- a) **Social-ecological** accountancy: "Goodprint". Indicators: not defined as yet, as this kind of accountancy is still under research;
- b) **Salaries** which are designed to be **socially sound**.
- c) Recommendation for an orientation regarding **wages**: the highest wage should be no more than ten times higher than the lowest wage in a full-time permanent position.
- d) Recommendation for a **model of socially sound remuneration**: basic wages and further increases related to additional performance such as responsibility, length of employment in the company, extra hours and training completed etc.
- e) Engagement in **activities** with **socially positive effects** at each of the company's action sites. Indicators: list of activities, including effort and effect.
- f) **Satisfaction in the workplace**: all staff are aware of their value for the company, just as the company is aware of the value of its staff members. Actions are oriented towards this. Indicators: a staff survey, sickness data, fluctuation.
- g) **Supplier partnerships** are made to last and are designed to incorporate principles of FairTrade, fairforlife and forlife. This means that there is close cooperation regarding product quality, process quality, and fair pricing. Purchase agreements with farmers have a minimum duration of three years and a cancellation period of at least two years. Termination of business relations are justified because of insufficient quality and quantity and/or price hikes which

are not in line with the market. This measure is designed to spread the risks inherent in agricultural production. Indicators: duration of business relation, fluctuation of business relations, surveys.

- h) Intermediaries** display their added-value for producers and consumers. Indicators: not useful.
- i) External social activities** take place in ethically oriented projects and ethical investment, for example through the support of associations, NGOs, school projects and the like. Indicator: number of activities, listed by weighting.
- j) Negotiations with countries in which imports require **animal testing of the products**** are designed in such a way that the company's disapproval of animal testing is clearly communicated. A position paper, plea or petition to the relevant authority or representative can represent a start. This document should clarify the position of the enterprise and sensitise the countries towards that topic.
- k) Establishing apprenticeships and/or voluntary work placements.** Indicator: % of trainees out of total number of employees.
- l) Embracing local initiatives for the integration of handicapped or disabled people.**
- m) Action connected to the challenge of palm oil.**
 - i.** Research and use of substitutes
 - ii.** Own activities to support indigenous people and biodiversity
 - iii.** Support of organisation which protects indigenous people and biodiversity

7.2 ECOLOGY

- a) All **plant-based ingredients**, if available, originate from organic cultivation or fair wild collection.** If the vegetable raw material is available in "fair" quality, this will be used preferably. The enterprise develops a process by which it determines how to acquire raw materials according to the following priority: fair and certified organic > organic > plant-based. Indicators: percentage of purchase in number and quantity.
- b) At least one component of each end product is **organic** or sourced from **fair wild collection** (sustainable collection from the wild).** Indicators: percentage of the products per total number of products with organic components.
- c) **No raw materials from fossil sources** are used, neither in the packaging nor in the product itself.** Indicators: should not be required.
- d) Palm oil is only used if it is sustainably cultivated, and which is produced in such a way that no indigenous peoples are driven off their land and no rainforest is felled.**

- e) Companies that use **palm oil-based raw materials** (for example, emulsifiers, emollients, bodying agents, ascorbyl) in their products substitute these for sustainable palm oil-free ingredients.
- f) Direct **energy use and greenhouse gas emissions** are reduced to a minimum. Regarding **indirect energy use**, the company develops a procedure to reduce this to a minimum as well. Indicators: relation of energy to sold product = energy efficiency, but also how much emissions occur, possibly in combination with carbon neutrality.
- g) Inclusion of **sales outlets and sales representatives**. All sales outlets comply with the minimum requirements of the CSE standard. Indicators: percentage of CSE conform sales outlets, percentage of fulfilled minimum requirements per sales outlet.
- h) **Packaging** is made out of materials which can be easily recycled. No use of multi-component packaging. The design allows for efficient use of materials and the container can be completely and easily emptied. This can be demonstrated in comparison to other packaging.
- i) The company pays attention to and participates in **research on sustainable packaging**.

7.3 ECONOMY

- a) The company's **corporate objectives** are clearly defined and positioned in the quality manual as well as the management plan. Indicators: none.
- b) The company is aware of the origins of the **external finance** that it uses.
- c) **External finance** is only accepted from ethically oriented financiers. Financiers show how they refinance. Indicators: none.
- d) All **permanent suppliers** manage their businesses sustainably as well. Ideally they are also CSE-certified. Indicators: number of sustainable suppliers.
- e) The enterprise refrains from the use of **critically produced raw materials**, for example palm oil. The enterprise finds a way to replace these raw materials or to support the socially and ecologically viable production of such raw materials.
- f) Staff receive a share of the profit or **good ideas are rewarded**.
- g) In the course of **cooperative activities**, the company builds up solidarity with other businesses. This can take the form of transfer of knowledge, or sharing know-how, workforce or contracts, and / or taking part in cooperative marketing and joint crisis management.
- h) Creating a **common good balance sheet** according the concept of the Economy of Common Good. Indicator: all indicators are included in this balance sheet.

- i) Investment in ethical financial products.

8 SUSTAINABILITY PRIORITIES

Topics can be selected voluntarily from the category “Sustainability priorities”. These are dealt with individually by the GfaW.

i. Circular Economy

To find sources of new added-value opportunities, the company begins with output-input-tables. Output-input-tables show where added-value is possible within the chain of production, e.g. through the use of organic waste as compost that is either sold or reused in cultivation.

ii. Animal welfare

The enterprise is actively engaged in alternative studies on safety.

iii. Carbon neutrality

The company, its sales outlets, sales force and all its B2Bs are managed in such a way that they are carbon neutral.

iv. Clean processing of raw materials (green chemistry).

The company is engaged in research into and application of cleanly processed raw materials.

v. Ethics

The company is engaged in social projects, offers employment opportunities to socially disadvantaged people or is involved in other ethically-oriented projects.

vi. Knowledge transfer

The company is involved with knowledge transfer of sustainability topics. It organises workshops, meetings, training, courses etc. and participates in research projects.

vii. Economy for the common good

The CSE-certified company creates a common good balance sheet and supports the economy for the common good.

viii. Green IT

The company focuses on Green IT solutions as defined in this standard.

9. APPENDIX

Proposals for CSE templates

These documents may be - but need not be – used in correspondence, or be used as proof of compliance with the CSE criteria.

-
- Supplier evaluation (Check for minimum requirements, improvements, long-term sustainability goals?)
 - Supplier contract
 - Letter to toll manufacturers
 - Letter about animal testing for exports
 - Contract for toll manufacturers
 - Purchase Policy
 - Travel Policy