



GLOBAL ORGANIC TEXTILE STANDARD

ECOLOGY & SOCIAL RESPONSIBILITY



Loud + Proud



Alana



Sportsmen



La Siesta



Brands Fashion



People Wear Organic



Enfant Terrible



Booweevil



Leinenweberei Vieböck



Froy & Dind

EXECUTIVE SUMMARY 2016

- ➔ In 2016 the number of GOTS certified facilities worldwide increased by 21.2% to 4,642.
- ➔ Impact assessment shows that the number of workers reported for GOTS certified facilities exceeds 1.4 Million (94% facilities reporting).
- ➔ 15,640 chemical products including 5,939 colourants approved for use in GOTS processing, an increase of 29% from 2015.
- ➔ GOTS Regional Round Tables started with the first being held in Dhaka, Bangladesh
- ➔ GOTS and China National Textile and Apparel Council organized a Round Table in Xinjiang - the main organic cotton producing Chinese province - as a further step towards overcoming legal restrictions for GOTS in China.
- ➔ GOTS convened 13 standards organisations for a Round Table on Standards Cooperation.
- ➔ Licencing and Labelling Guide new release in March. GOTS approved input suppliers now have the option of using the GOTS logo against a licence fee.
- ➔ 30% increase in page views on the GOTS public database with visitors from 150 countries.
- ➔ About 10% increase in contributions to the GOTS Standard Revision process.
- ➔ Rahul Bhajekar took over as Director Standards Development and Quality Assurance on 1st of January 2016.
- ➔ 7 regional representatives now work for GOTS, Turkey has been added - the country with the second highest number of GOTS certified facilities.



DEVELOPMENT

Revision 5.0 - Multi Stakeholder Process

GOTS Standard revisions are undertaken every three years. Consequently the revision of GOTS 4.0 (released on 1st March 2014) to version 5.0 was initiated by the GOTS Standards Committee in February 2016. Apart from the GOTS Founding Organisations and all approved Certifiers, relevant international stakeholder organisations with expertise in the field of organic production, textile processing, textile chemistry and social criteria and representing the industry, NGOs and consumer interests were invited to contribute to the revision process. In the first stakeholder input period (April-July 2016) 186 individual contributions plus some comments on these contributions were received from 47 participants (among them eight invited stakeholder organizations) on the first revision draft. The GOTS Standards Committee evaluated all contributions and comments received and obtained external experts' opinions where felt necessary (especially regarding social criteria) for the second revision draft. This was made available to all invited stakeholders together with an overview of all contributions received in the initial input period and observations by the Standards Com-

mittee. A second and final stakeholder input period of 30 days opened on 1st October 2016. A further 13 contributions were received from several participants.

The GOTS Standards Committee prepared the final revision draft for decision and release by the Advisory Committee, responsible for the final decision on standard revisions. An overview of all contributions received in the second input period and the corresponding final observations by the Standards Committee were made available to all contributing parties. While the different and partly conflicting interests of the contributing stakeholders were reflected in the spectrum of the contributions submitted, positive feedback was received with regard to the integrative and transparent revision process as such, and the Standards Committee's thorough approach in dealing with each individual contribution.

Finally, the Advisory Council adopted GOTS Version 5.0 which was published on 01 March 2017. The implementation period for GOTS certified entities to fully comply with the new version is

one year.

Even though organic fibre production itself is not under the GOTS scope, in view of considerable discussions and some reportage of instances where genetic modification was detected in organic cotton products, including some GOTS labelled goods, GOTS decided to approach the matter using a multi-pronged approach. We engaged in discussions with scientists, brands, retailers, not-for-profit foundations, research organizations and testing laboratories. These discussions were mainly in the areas of efficacy of testing, possibilities of contamination, possibilities of fraud and adventitious contamination of GM material in organic cotton.

We conducted a round-robin laboratory testing exercise with a small sample size to determine reliability and accuracy of currently available testing for GM presence, this gave considerable variation in results. We concluded that at present there are no established and reliable methods to detect GMO in organic cotton products. Thus we decided to organize a more comprehensive testing exercise and work on the establishment of a generally recognized testing protocol.



IMPLEMENTATION

Development of businesses

The number of facilities certified to the Global Organic Textile Standard (GOTS) showed a substantial increase, from 3,814 facilities in 2015 to 4,642 facilities in 2016. GOTS certified facilities are now located in 63 (68 in 2015) countries around the world. Growth is evenly spread across all market segments including the mass market and the big brands.

Countries or regions with the largest increase in GOTS certifications in

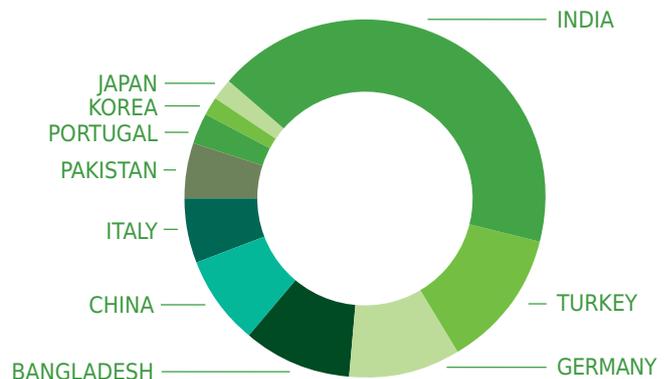
2016 are (in rank order): Bangladesh (+121), China (+68), Italy (+54), Germany (+41); India (+47) and Pakistan (+30). The top ten countries in terms of total number of certified entities were: India (1488), Turkey (423), Germany (347), Bangladesh (331), China (269), Italy (195), Pakistan (172), Portugal (96), Korea (61) and Japan (58), To date the GOTS approved independent Certification Bodies report more than 1.4 million people working in

GOTS certified facilities (96% facilities reporting).

The revised Licencing and Labelling Guide was implemented from 1 March 2016. This requires all artwork of labels to be approved by the certifiers' Label Release Form. The guide now allows approved input suppliers to use the GOTS logo with limitations and prior approval on payment of a licence fee.



Countries with the largest increase in GOTS certifications in 2016.



The top ten countries in terms of total number of certified entities.



VERIFICATION

Third Party Certification

18 certification bodies are accredited by GOTS to work as GOTS-approved certifiers.

A GOTS Certifiers' Training Program was conducted with the NGO Center for Labour Research and Action (CLRA), Gujarat in first week of January 2016. The three day event focussed on adding value to the social compliance audit skills of our auditors. The

training involved role play, behaviour training, meeting workers outside their factories etc.

GOTS has commissioned Social Accountability International (SAI) to devise an auditor training programme based on GOTS social requirements. It will be made a mandatory qualification for such inspectors / auditors unless the person is currently certified

as an SA8000 auditor. This training programme is expected to be rolled out in the 2nd quarter of 2017.

The 'Question & Answer' section for certifiers has been further developed and contains more than 100 questions and answers. This has turned out to be a very useful and practical tool for consistent interpretation of GOTS and its quality assurance system.



PROTECTION

Our Complaints Procedure continued to serve as a well-functioning and valuable tool for formalising and structuring complaints. 39 complaint cases have been filed in 2016 (down from 69 complaint cases in 2015, 58 complaint cases in 2014, 43 cases in 2013 and 57 cases in 2012).

We won a Civil Action against mattress companies in the U.S.A. The civil suit was promptly resolved with a permanent injunction prohibiting unauthorized uses of the GOTS certification trademark based on the USDA's policy on labelling organic textile products. In addition, GOTS has filed a complaint accompanied by substantial documentation with the Federal Trade Commission (FTC) with regard to false "organic" claims in both the apparel and mattress sectors. We are

working in the US with GOTS Founding Organisation Organic Trade Association (OTA), on its "Misleading Organic Claims Task Force".

As in previous years most complaints concerned unauthorised use of our logo (trademark violations), false references to GOTS (certification) and fraudulent representations that companies or products were GOTS certified. Most cases of unauthorised trademark use or false references continue to arise from the ignorance of traders and retailers of the GOTS labelling system. They removed the GOTS logo and/or incorrect statements from their advertising material after our intervention. As a result, several companies decided to apply for certification in order to be able to make correct references. There emerged a parti-

cular issue on printing: GOTS certified manufacturers sell properly labelled (blank) goods - like T-Shirts or Hoodies - to their customers. These customers - without being certified - print on these goods retaining the original label which violates the GOTS labelling rules as all processing steps have to be certified. This is particularly important in printing in order to avoid the use of harmful, non GOTS approved, chemicals. Consequently we took successful legal action against a substantial number of violators. Widely reported among the relevant businesses it has helped to stop these violations to a large extent. In addition, we are continuously motivating suppliers of such blank products to inform their customers about their obligations with respect to GOTS certification.



PROMOTION

Development cooperation and environmental protection

On October 12, 2016, we organized a Round Table for Cooperation between Standard Bodies at the Federal Ministry of Economic Cooperation and Development in Berlin. A total of 24 attendees included 13 Standard Bodies and two Government departments. Standard Bodies had the opportunity to present and discuss examples of successful cooperation, limitations and the specific problems they faced. Numerous approaches to cooperation were discussed including mutual, one directional and partial recognition, following a Meta Standard, to facilitate cooperation (such as ISEAL), joint marketing systems to reach common goals despite different business models, capacity building, joint lobbying and jointly fostering the importance of Voluntary Sustainability Systems (VSS) in governance.

Some of the resulting recommendations were: to be an active part in collaboration processes, to clarify the topic of public versus private labels, how to foster sustainable consumption

(consumer information), to build trust and form a network, to have tools or data or to enhance liability towards consumers, retailers and brands.

Together with our Chinese cooperation partner, the Chinese National Textile and Apparel Council (CNTAC), we organized a first-time stakeholder Round Table to discuss challenges for (GOTS) certified organic textiles in the Chinese market. The September event took place in the largest and most western Chinese province Xinjiang, quite appropriately because this province produces the vast majority of Chinese grown organic cotton. The Round Table drew prominent attendance from heads of GOTS certified Chinese companies, international brands, certification bodies, Government officials and media. The attending Chinese apparel companies spoke out strongly for measures to allow GOTS certified products not only for export but also for sale in the Chinese market without the condition that such products must

also meet the respective Chinese national standard. CNTAC and GOTS will continue their cooperation with the aim to foster and develop the Chinese market for organic textiles.

In Dhaka, Bangladesh we held the first GOTS Regional Round Table in November 2016 with 170 people from five countries. The theme was 'Business Case for Sustainability with Organic Textiles'. The Government of Bangladesh Ministry of Agriculture presented a paper on efforts towards growing organic cotton in the country

The "WHY GOTS" Factsheets collection was initiated to show why and how GOTS can serve as a solution for sustainability based problems. In 2016, the „WHY GOTS Meets Legal Requirements and Demands of NGOs“ was added. It outlines the requirements of governments and global NGOs, and explains how certification to GOTS helps ensure compliance with these important requirements. Not all violations of the GOTS Licen-

sing and Labelling conditions are intentional. Some are just caused by lack of knowledge. In addition, consumers need to be informed how a correct GOTS label must look like. For this purpose, we designed two news advertisements with Security Advices for retailers and consumers (see back). The advertisements are offered as „Free-ads“ for magazines and newspapers that have free space and want to support GOTS.

We continued our successful partnerships with leading trade fairs: Messe Frankfurt in China, Germany and France, Messe München, Biofach India and Japan.

GOTS and Textile Exchange have worked together since 2008 to align our respective standards and benefit from each other's expertise. In autumn, we signed a formal cooperation agreement that will further benefit certified operations and the industry as a whole. Some of the key areas the agreement covers are chain of custody and standards development, measurement, evaluation, and improvement of standards impacts, coordinated efforts to prevent fraud and further development of harmonized implementation tools (similar to the existing certificate templates).

Our web analysing tool Piwik recorded a 23% increase in the number of visitors (225,085) compared to last year (183,406) with more than 985,123 page-views (2015: 822,500). A total of 301,503 (2015: 233,802) page-views were recorded on the GOTS Database. This is an increase of about 30% and confirms that the GOTS Database is recognized as a valuable instrument for verification and search.

In 2016 seven regional Representatives were working on GOTS promotion. Three new Regional Representatives have been appointed: Lina Pfeifer was appointed as Representative in Germany, Austria and Switzerland and Lori Wyman as Representative in North America. Elif Yaraşık was appointed the first Regional GOTS Representative in Turkey, given the fact that Turkey is the country with the second



largest number of GOTS certified facilities worldwide (423 in 2016) which makes it a very important sourcing market. The Representatives are, in alphabetical order: Sumit Gupta (in India and Bangladesh), Satoko Miyoshi (in Japan), Lina Pfeifer (in Germany, Austria, Switzerland), Felicia Shi (in Greater China), Christopher Stopes (in the United Kingdom), Lori Wyman (in North America) and Elif Yaraşık (in Turkey).

MEDIA

The number of inquiries from consumer and professional media (print, radio and television) remained high in 2016. Articles or mentions we found among others from India: Apparel & Fashion, Apparel Views, Apparel & Fashion (Make in India: Organic Textiles for Domestic Market, Cover Story), Journal of Textile Association, The Indian Textile Journal, Home Textile Views, Apparel Online India, Fibre-2Fashion. Some examples from USA: Home Textiles Today, The Licensing Letter, OTA's News Flash and Organic Report, Just-Style Magazine, Furniture World Magazine, Women's Wear Daily, ForexTV, Home Textiles Today and Luxury Fashion; from China: An exclusive interview with Greater China Representative, Felicia Shi, by YCO Foundation in a series about Eco-friendly Fashion in China. A total of 26 news items mentioned GOTS in 2016 in the Eco Textile News, the leading UK print and on-line news service for the textile sector with a global reach. In the UK GOTS continued its Founding Partnership with the Ethical Fashion Forum which has outreach to professional textile and fashion-oriented media. Twitter has been successfully used to engage with media at one event. "Mainichi News Paper", one of the major papers in Japan, covered GOTS in an article about sustainable textiles.

APPROACHING RELEVANT TEXTILE OPERATORS AND INITIAL CONSULTANCY FOR GOTS CERTIFICATION

In 2016, we attended and contributed to numerous international meetings, conferences and fairs in order to present GOTS and establish and strengthen contacts with all stakeholders like

the TE annual conference, Hamburg, October 2016; ISEAL Annual Conference, Washington DC, May 2016; Asia Cotton Summit, Ho Chi Minh City, August 2016; Justitia et Pax, Expert Discussion „Make in India“, Cologone, September 2016; Kick-off event of the CSR Competence Center Lower Rhine Textile and Apparel, Germany; Sustainability Standards Conference, New Delhi, November 2016; China-EU Forum on Sustainable Value Chains in Textiles in Beijing, organized by The United Nations Environment Programme, The UNCTAD WTO International Trade Centre, and The China Council for the Promotion of International Trade (CCPIT).

The GOTS representatives participated with booths in Biofach Japan (Satoko Miyoshi), Intertextile Shanghai Apparel Fabrics Spring and Autumn Editions 2017 (Felicia Shi); Heimtextil India, Biofach India, Dhaka International Yarn & Fabric Show, Dye+Chem Bangladesh Expo (Sumit Gupta); Texworld USA and WEAR 2016 conference in Toronto (Lori Wyman); Ethical Fashion Show in Berlin, Munich Fabric Start, and Innatex (Lina Pfeifer). Together with IVN we gave lectures on „GOTS for everyone - from small to big - from fabric producer to retailer“ and „GOTS and IVN-Best in a nutshell - How the certification helps ensure compliance with legal requirements and NGO demands“. And the GOTS representatives contributed to the following events: Felicia Shi in China with lectures to OCS/GOTS-certified facilities at ECOCERT 2016 Seminar on Organic Textiles, 8th Multi-Stakeholder Advisory Committee Meeting: „Creating an Environment of Transparency“; Lina Pfeifer held a lecture on the „Sustainability Day“ of GLS Bank (a well-known sustainability bank). Sumit Gupta was a speaker at International Textile Conference on ‘Make in India - Global Vision of Indian Textile Industry’, at the Seminar on ‘Changing Trends in Garment Manufacturing’ at Green Business Options - for Textile, Chemicals & Pharmaceutical Sectors, at the Awareness Program for Jaipur Textile Cluster, at the H&M Organic Supply Chain Event, Topic: GOTS Standard-Integrity and Compliance and at the



First Meeting of the Multi Stakeholder Committee of India National Platform on PSS, Topic: ‘Global Organic Textile Standard -Introduction & Way Forward’. In Japan, Satoko Miyoshi was one of the organizers and also a speaker at the Ethical Labels and certification system symposium and Biofach Japan. As part of London Fashion Week, Christopher Stopes participated in the event “Threads - Rethinking Fashion” organised by Impact Hub in London. He also participated in a webinar on sustainable sourcing organised as part of an EFF series of webinars and face-to-face EFF Mysource reception and contributed to EFF blogging for Fashion Revolution. GOTS worked with the EFF booth at the Fashion SVP trade show at Olympia, providing one-to-one advice on textile certification and GOTS.

ADDITIONAL ACTIVITIES UNIVERSITY AND SCHOOL EDUCATION

There is on-going interest in many educational fields: University teachers and students, scientists and researchers, teachers and editors of education materials for primary and high schools. The inquiries to contribute with expert interviews to research projects, bachelor and master theses or examination papers are increasing. Some studies we supported or lectures we gave: on the „Influence of different stakeholders on responsible apparel consumption“ for Prof. Dr. Meyer from the Munich University, webinar for IFOAM Organic Leadership Course programme April 2016: Eco-Labels and Certifications, National Institute for Fashion Technology (NIFT), Mumbai, „International Standards for Sustainability in Fashion“- B D Somani Institute Of Art And Fashion Technology in Mumbai, „EcoLabels and Traceability- Institute of Chemical Technology (ICT) Mumbai , ALGOA (Asian Local Government for Organic Agriculture) training for trainees, city mayors and government officials, lecture about GOTS as the optional module to Da Yu Middle School, China.

CONSUMER EDUCATION

We approach these tasks mainly by providing material, support and gui-

dance to our multipliers: Certified Operations, retailers selling GOTS goods, consumer associations, educational bodies, governmental bodies, print and online media including fashion blogs. Multipliers are increasingly using the GOTS Simple Show Clip and the Infographic „From Field to Fashion“. More than 40,000 copies of GOTS fliers have been ordered.

POLITICS

In Europe, we participate in the European Commission's DG GROW Textile Expert Names and Labelling Expert Group, where we have raised the issue of the lack of regulation for organic textile labelling. We have also worked with the International Federation of Organic Agriculture Movements - EU Group (IFOAM-EU) to establish a Task Force to evaluate and provide advice on the regulatory status of organic textiles and the need for the protection of the term „organic“ for textiles. In Germany, we continued our work for the German Partnership for Sustainable Textiles by representing all standard members in the steering committee and contributing to the working groups. The Partnership had been initiated by the German Federal Minister for Economic Cooperation and Development (Dr. Gerd Müller) and

launched in October 2014. GOTS is one of the Partnership standards included the Plan of Action (see also Annual Report 2014+15). The so called „Review Process“ started at the end of 2016. Each member, companies as well as governmental bodies or standards, must answer key questions, for example on the use of natural fibres, chemicals and social issues. On this basis the members have to define individual roadmaps, which will be reviewed at the end of 2017.

In India, the QCI-UNFSS Platform for Private Sustainability Standards (PSS) was formally launched. The first meeting of the Multi Stakeholder Committee was held on 16th Dec 2016 in New Delhi. The platform starts with collecting inputs from stakeholders and forming sector specific working committees. As a consequence of the previous decision by APEDA (see Annual Report 2015) to drop the planned implementation of the proposed Indian Standard for Organic Textiles (ISOT), APEDA discontinued the earlier practice of certifying ginning units for organic cotton bales.

In the USA, in conjunction with the Organic Trade Association, we continued to discuss improvements in enforcement, including efforts to clarify the role of the U.S. Department of Agri-

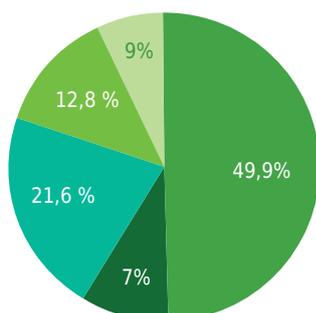
culture (USDA) and the Federal Trade Commission (FTC) to enforce third party verification of organic claims on textile products in the USA.

A Round Table discussion was hosted in Washington by the FTC and the USDA. The aim was to help the agencies better understand how consumers perceive „organic“ claims for non-agricultural products and services that generally fall outside the scope of the USDA's Agricultural Marketing Service's National Organic Program (NOP).

In the UK GOTS is a supporter and active participant in the Government's Sustainable Clothing Action Plan (SCAP), a collaborative framework and voluntary commitment to deliver industry-led targets for reducing the use of resources in the clothing industry. Launched in Autumn 2015, a 3.5-year European Clothing Action Plan project, with €3.6 million EU Life funding, aims for a reduction of carbon, water and waste from clothing by 2019. The Europe wide project involving UK WRAP (the UK Sustainable Clothing Action Plan, in which GOTS participates), MADE-BY, the Danish Fashion Institute, Dutch ministry of Infrastructure and the Environment and the London Waste and Recycling Board.

FINANCIAL INFORMATION

Our organisation maintains a flat structure and aims to minimise administrative costs. The GOTS programme is self-financed. All income is used to reach our objectives. Accordingly the operating unit has legal non-profit status (Global Standard gemeinnützige GmbH).



INCOME

Annual Fee

30 Euro per facility inspected and/or certified 112.411 €

License Fee

120 Euro per facility inspected for a certified entity 438.544 €

Registration Fee

15 Euro per approved trade name of an auxiliary input 107.100 €

Interest, Currency Conversion, Promotional Products 7.876 €

Total

665.931 €

EXPENSES

Standard and Quality Assurance System 129.909 €

System Protection 77.019 €

Promotional and Marketing Tools 41.999 €

Promotional Activities, GOTS Representatives 299.281 €

General Administration 53.554 €

Total

601.762 €



GLOBAL ORGANIC TEXTILE STANDARD

ECOLOGY & SOCIAL RESPONSIBILITY

GOTS is recognised as the world's leading processing standard for textiles made from organic fibres. It defines high-level environmental criteria along the entire supply chain of organic textiles and requires compliance with social criteria as well. GOTS was developed by leading international standard setters in order to define globally recognised requirements that ensure the organic status of textiles - from harvesting of the raw materials through environmentally and socially responsible manufacturing all the way to labelling - in order to provide credible assurance to the consumer. Supported by the growth in consumption of organic fibres and by the remarkable demand for standardised processing criteria from the industry and retail sector, GOTS has already gained universal recognition. It enables processors and manufacturers to supply their textiles made from organic fibres with one certification accepted in all major

selling markets. The Global Organic Textile Standard International working Group is comprised of four well-respected member organisations: Organic Trade Association (OTA), USA, International Association of Natural Textile Industry (IVN), Germany, Soil Association, UK and the Japan Organic Cotton Association (JOCA), Japan. Together with international stakeholder organisations and experts, they contribute their respective expertise in organic farming and environmentally and socially responsible textile processing to GOTS. The monitoring system is based on on-site inspection and certification performed by independent, specially accredited bodies. This assures the integrity of GOTS-certified textiles.

The GOTS licence entitles to participate in the GOTS programme, including use of the GOTS logo on its respective GOTS goods.



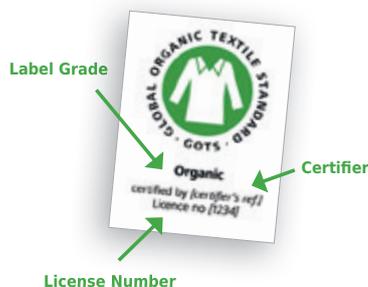
Security Advice

for Consumers

Do you want to be sure that a product is really GOTS certified?

Please check for **complete labelling**.

Check our public database to verify www.global-standard.org.



for Retailers

Make sure that products are actually GOTS certified and labelled correctly!

Wrong labelling is a trademark infringement!

Retailers are liable for incorrect labelling

More information at www.global-standard.org

Request from your supplier:

- **Scope Certificate (Certificate of Compliance)** proves that the supplier is able to process according to GOTS criteria
- **Transaction Certificate** proves that the actual products are GOTS certified
- **the certifiers release** for the valid GOTS logo use on the product