GLOBAL ORGANIC TEXTILE STANDARD
ECOLOGY & SOCIAL RESPONSIBILITY
AR 2011
ANNUAL REPORT 2011
ABOUT GOTS

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 International Working Group on Global Organic Textile Standard is comprised of four well-respected member organisations: Organic Trade Association (OTA), USA, International Association of Natural Textile Industrie (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.

EXECUTIVE SUMMARY

The new Version 3.0 of the Global Organic Textile Standard received high recognition in the relevant media and in the world of sustainable textiles as a whole. One special highlight was the U.S. government’s explicit formal recognition of GOTS via a USDA policy memorandum in May. The number of GOTS-certified facilities remained generally stable in 2011 with increases in key countries. Fourteen certification bodies were entitled to work as GOTS-approved certifiers. To reduce administrative workload, they initiated a process to develop templates for a standardised certificate layout for use by all certifiers. The GOTS logo was a registered trademark in approximately 80 countries in 2011. A total of 42 trademark violations, false references to GOTS (certification) and fraudulent claims of GOTS certification by a company or for a product were filed – most cases where based on a lack of knowledge in regard to the GOTS labelling system. The GOTS film and leaflets in several language versions were widely distributed among stakeholders in order to promote GOTS. A marketing project was launched in June 2011 to develop a marketing strategy and to support and coordinate the work of the growing number of GOTS regional representatives. The representatives’ tasks include working with the media, approaching relevant textile operators, providing initial consultation on GOTS certification, training textile professionals and sometimes becoming politically active as well. The GOTS programme is and will remain self-financed. All income is used to reach the programme objectives.
The Global Organic Textile Standard continued to make significant contributions to the environmental and social approach within the global textile industry. The new Version 3.0 received high recognition in the relevant media and in the world of sustainable textiles as a whole. One special highlight was the U.S. government’s explicit formal recognition of GOTS via a USDA policy memorandum in May. The number of GOTS-certified facilities remained basically stable (2714 facilities), with India, Turkey and China as biggest countries and with growth in the German-speaking countries, and the U.S.

Our vision is that organic textiles will become a significant part of everyday life, enhancing people’s lives and the environment. Our mission is the development, implementation, verification, protection and promotion of the GOTS. (from: GOTS Vision and Mission)

**DEVELOPMENT**

GOTS Version 3.0 and the corresponding Manual were released on 1 March 2011. The transparent revision process and the integrative stakeholder input procedure were acknowledged by numerous market participants and in publications. As already announced, this procedure will also be followed in future revisions. The content of the revised documents received generally positive feedback. As such, it can be concluded that we once again achieved our goal of setting strict and binding requirements regarding ecological and social parameters while considering the need for practicability in industrial production of a wide range of products.

**IMPLEMENTATION**

A milestone in the increasing recognition and acceptance of GOTS was reached on 20 May 2011 when the United States Department of Agriculture (USDA) released a Policy Memorandum explicitly confirming that textile products produced in accordance with GOTS may be sold as ‘organic’ in the U.S. It further clarifies that the use of NOP-certified fibres and third party certification of the textile products is a prerequisite for use of the term ‘organic’ in labelling of such products. This is a very significant development because the U.S. authorities exclusively refer to one private standard in regard to recognition of organic labelling in the field of textiles. It is also a great support to GOTS and an outstanding acknowledgement of our efforts. We are confident that it will help to convince in particular U.S. traders, brands and retail-
lers that GOTS certification is the reliable choice in the organic fibre sector.
Explicit and exclusive recognition of our standard and labelling system is surely the best way governments can regulate the sector. The U.S. model is our recommendation and goal in negotiations with other authorities who intend to become active as regulators in this sector.

VERIFICATION

In 2011, fourteen certification bodies were entitled to work as GOTS-approved certifiers. Urgent requests were received from the industry, especially from brands and retailers who purchase certified goods from various suppliers, for consistent and easily comparable information in the scope and transaction certificates issued by various approved certifiers. Because the defined minimum information that must be provided in the certificate is not appropriate to meet these reasonable requests, a process was initiated to develop templates for a standardised layout, format and text of scope and transaction certificates to be used by all certifiers. The process is being coordinated with Textile Exchange to permit easy handling and verification of certificates relating to the different standards for all users. Preparation work was begun on the certifier training system.

External experts have been and will continue to be involved in fields where their knowledge and experience is required (in particular social auditing, environmental management and residue testing based on risk assessment).

PROTECTION

The GOTS logo is a registered trademark in about 80 countries so far. Trademark registration processes are still underway in Latin American countries and some cases in which national trademark offices rejected our application are still being pursued.

Increased recognition of the GOTS logo and certification programme is likely the main reason for the significant increase in the number of trademark violations, false references to GOTS (certification) and fraudulent claims of GOTS certification for a company or a product. In total, 42 such cases were filed.

In six cases of fraudulent activities or other violations, we imposed a two-year certification ban. This means that the certifiers have been instructed not to certify the company for a period of two years.

Most cases of unauthorised trademark use or false references were based on a lack of knowledge in regard to the GOTS labelling system. Accordingly, most companies (primarily traders and retailers) removed the GOTS logo and/or incorrect statements from their advertising material after our intervention. During this process, we were able to convince a number of companies to apply for certification for authorised use of the GOTS label.

Some of the Regional Representatives were quite active and efficient in these matters. Legal procedures were initiated in three clear cases of trademark violations.

In addition to consistently pursuing violations, it is therefore important to communicate to consumers that only textile products bearing the GOTS logo (or the term ‘Global Organic Textile Standard’ or the abbreviation ‘GOTS’) in conjunction with the name or abbreviation of the certifier and its reference number...
are guaranteed to be GOTS certified. The responsible producer can be identified by entering the reference number into the GOTS Electronic Database. A complaint procedure and complaint form were developed and will be made available on the GOTS website.

**PROMOTION**

Without sufficient demand, GOTS cannot be sustainably developed and continuously improved. To increase consumer demand and the number of certified businesses, we engaged a wide range of stakeholders. Growth of GOTS and the increasing number of GOTS Regional Representatives worldwide have made a defined overall marketing strategy not just necessary but crucial. This strategy will serve as a framework applicable worldwide for defining GOTS target groups, positioning and marketing objectives with simultaneous consideration of regional differences. A marketing project was therefore launched in June 2011 to further develop this strategy. The basic concept already finalised, including the draft GOTS Mission Statement, is being discussed with the group of GOTS Regional Representatives.

A web analytics software program was installed to analyze information from visitors to the GOTS website and to continually improve the site. A GOTS information service known as GOTS News was developed and distributed via e-mail as needed. Additional print versions of the GOTS leaflets were produced in Italian and Turkish. All language versions were converted into screen versions for downloading from the GOTS website. A prototype of a GOTS poster story was developed for exhibition stands with pictures taken directly from the GOTS film. The GOTS film was made available through an order form on the GOTS website in numerous language versions.

2011 was the first full working year for most of the GOTS Regional Representatives. All of these Representatives can be contacted through the GOTS website.

The Representatives are responsible for a variety of tasks:

*Media:* Establishing media databases to reach print and online b2b media, b2c media fashion, beauty and health, daily and weekly media has been and will remain an important subtask in this working field for all Representatives. Press releases on important topics were organised by the relevant Representatives and adjusted to the specific culture and other unique conditions in their respective regions.

*Approaching relevant textile operators:* Manufacturers and retailers can often be found on the same platforms (trade fairs and conferences) around the world.

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In all regions, most of these activities took place at tradeshows. In Australia, GOTS was introduced to the textile and fashion industry at the exhibition/seminar series "ecological evolution" at Fashion Exposed – Melbourne in August 2011. The booth at Biofach Tokyo, with a lecture and promotion of the GOTS film, was the highlight in Japan.

In Germany, the b2b trade fairs took centre stage with TheKeyTo in January in Berlin, Green Showroom in July in Berlin and Innatex in January and August. An appearance was also made in France at the Texworld in Paris, where we shared the sustainability lounge with Soil Association, WRAP and others. The REWE Stakeholderforum in June in Cologne was an opportunity to get in touch with the big textile players.

In the UK, GOTS was present at conferences attended by both retailers and industry as well as a conference in March 2011 as part of the British government’s Sustainable Clothing Action Plan and the launch of the Ethical Fashion Forum Source initiative in September 2011. A stand at the Ethical Fashion Forum Source Expo was shared with the Soil Association in September 2011. The Award for Best Organic Textile Product was initiated with the organic industry trade show Natural and Organic Products Europe (NOPE).

In the United States, the focus was on conferences: GOTS meetings were hosted at the Natural Product Exposed and a large GOTS meeting with 60 participants from 39 companies was organised with the assistance of the OTA.

In Scandinavia, we took part in a meeting with 50 different companies related to the revival of "Textilplanet". It focused on how to assist wool manufacturers in Scandinavia in attaining GOTS certification. The GOTS-certified manufacturers in Scandinavia were encouraged to distribute 4,000 GOTS leaflets.

Initial consultancy for GOTS certification: A very diverse range of companies in all regions showed interest in obtaining GOTS certification. The most important challenge for the Representatives were to make sure that these companies understand the benefits of certification, the necessary steps to take, the relevant partners and the process. In Australia, the interested companies are primarily those sourcing GOTS intermediate or finished articles but which are not yet certified themselves, as well as companies that want to benefit from the GOTS label but have not yet had the certification process sufficiently validated. All were advised in regard to certification.

The Representative in the German-speaking countries received many direct inquiries and engaged in proactive initial consultancy of large retailers such as Galeria Kaufhof, a subsidiary of Metro Group that now has a GOTS-certified product range, as well as smaller but well known brands such as Armed Angels.

In the United States, this task has been almost entirely proactive. Several companies such as Freen Wear in Fairfax or Fox Rich Textiles have been certified as a result. In Scandinavia, large textile companies in Sweden and Denmark with a revenue of between SEK and DKK 5–14 billion (….EURO) were approached and approximately 20-30 companies advised. As a result, nine of them are now in the process of GOTS certification.

Training of textile professionals: Some Representatives held guest lectures at universities to educate fashion designers, fashion managers or sustainability
managers or at symposiums on more general CSR topics.

"Political" engagement: Contact with and participation in various politically oriented bodies, including some on a government level, played an increasingly important role in the Representatives’ activities. Examples include participation in the “Product Safety Advisory Committee” in Australia, cooperation with Verbraucherinitiative e.V. (a consumer initiative) and talks with representatives from the Federal Procurement Office in Germany, participation in the “Sustainable Clothing Action Plan” and in the “All Party Parliamentary Group on Ethics and Sustainability in Fashion” in the UK and contact with the Nordic Council of Ministers in Scandinavia.

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.

Income

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Annual Fee - 30 Euro per facility inspected and/or certified</td>
<td>83,340,00 €</td>
</tr>
<tr>
<td>License Fee - 120 Euro per facility inspected for a certified entity</td>
<td>324,080,00 €</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>407,420,00 €</strong></td>
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Expenses

<table>
<thead>
<tr>
<th>Task Field</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Standard and Quality Assurance System</td>
<td>72,724,55 €</td>
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<td>System Protection</td>
<td>27,789,12 €</td>
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<tr>
<td>Promotional and Marketing Tools</td>
<td>73,938,44 €</td>
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<td>Promotional Activities - Reps</td>
<td>156,602,46 €</td>
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<td>General Administration</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>365,323,35 €</strong></td>
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Expenses by task fields 2011