



GLOBAL ORGANIC TEXTILE STANDARD
ECOLOGY & SOCIAL RESPONSIBILITY

AR 2013
ANNUAL REPORT 2013



Ajna-Design



Ajna-Design



Frugi



Babylonia



GOTS



naturalmente



Bio Dours



Globus



EXECUTIVE SUMMARY

- » GOTS 4.0 Multi Stakeholder Revision Process was successfully completed. The strict and binding core provisions for environmental protection and social responsibility were maintained. Modified rules on permissible conventional additional fibre materials allow a wider product range, thus supporting increased use of organic fibres.
- » GOTS expanded further: The number of facilities certified to GOTS in 62 countries worldwide increased slightly - headed by Europe - to a total of 3.085.
- » 17 Certification Bodies were entitled to provide independent third party GOTS certification.
- » GOTS successfully continued certifier training seminars with a focus on social compliance.
- » The GOTS logo is a registered trademark in about 80 relevant countries. The established internet based "Complaint Procedure" proved to be a valuable tool to formalise and structure complaints.
- » Seven regional Representatives worldwide promoted GOTS as an instrument for (economic) development cooperation and environmental protection.
- » The Cottoned On Infographic was released, demonstrating that only GOTS certification ensures environmental and socially responsible processing up to the finished product.
- » GOTS continued partnerships with leading trade fairs: Messe Frankfurt in China, Germany and France, Messe München, Biofach India and Japan.
- » In Germany GOTS intensified efforts to become increasingly involved in public procurement guidelines.
- » In China, we signed a Cooperation Agreement with the China National Textile and Apparel Council.
- » GOTS became involved in the UK Government's Sustainable Clothing Action Plan (SCAP).
- » At the European level, GOTS stated its position to the EU Commission's Expert Group on Textile Names and Labelling: The term "organic" and equivalent terms should be protected similar to the food sector and allowed only in connection with textile products properly certified and labelled to a recognized organic textile processing standard.

GOTS 2013

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 Global Organic Textile Standard (*from: GOTS Vision and Mission*)

DEVELOPMENT - Revision 4.0 - Multi Stakeholder Process

Standard revisions are foreseen every three years. Accordingly, as the GOTS Version 3.0 and the corresponding Manual were released on 1st March 2011, the revision process resulting in GOTS Version 4.0 took place in 2013.

Following established GOTS procedures, beside the member organizations of the GOTS International Working Group and the approved Certifiers, 20 international stakeholder organizations (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 (16th May - 30th July 2013) 200 individual contributions plus some comments on these contributions were received from 14 participants (among them eight invited stakeholder organizations) on the first revision draft. The Technical Committee evaluated all contributions and comments received and obtained external experts' opinions were felt necessary (especially regarding social criteria and waste water treatment) for the second 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 Technical Committee. A second and final stakeholder input period opened on 1st. November 2013 for another 30 days. Another 38 contributions were received from several participants.



Then the Technical 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 Technical 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 received, positive feedback was received with regard to the integrative and transparent revision process as such and the Technical Committee's thorough approach in replying to each individual contribution.

Finally, the Advisory Council adopted GOTS Version 4.0 which was published on 1st. March 2014. The implementation period for GOTS certified entities to fully comply with the new version is one year.

IMPLEMENTATION - Development of businesses

The number of facilities certified to GOTS in 62 countries worldwide had surpassed the 3.000-mark in 2012. 2013 showed a slight increase to a total of 3.085. A decrease in Asia - mainly caused by operators placing GOTS orders

with facilities already certified - was overcompensated by a substantial increase in Europe: 109 new facilities were registered in Germany (+66%), Austria (+14%) and Switzerland (+27%). An increase of 73 % with 33 new facilities was registered in Portugal, 13 % increase in Italy and 12 % in France.

Accordingly, GOTS labelled textiles are found more and more often in the mass retail market across all segments - from specialized fashion corporations like Ulla Popken to full line suppliers like Aldi Süd, Galeria Kaufhof (Metro Group) or Walmart.

In order to achieve some kind of formal basis for GOTS through EU legislation – as in the US (see annual report 2011) – we continued our involvement in respective EU Commission advisory bodies. In October, we participated in the EU Commission's Expert Group on Textile Names and Labelling, where we demonstrated cases of "organic" greenwashing in textiles, as at present the term (and its equivalents) is not legally protected in the EU for textiles. We argued that the use of "organic" and equivalent terms should be legally limited to textile goods certified to a recognized organic textile processing standard (such as GOTS) and labelled accordingly.

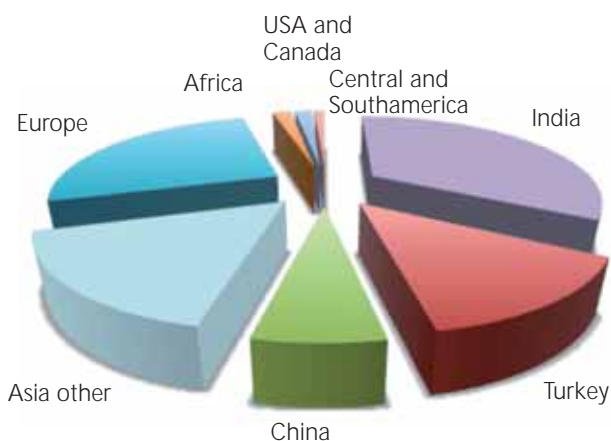
Besides we continued to participate in the European Norming Organisation's working Group CEN WG 32 which aims at setting requirements for environmental self claims in the textile sector.

VERIFICATION - Third Party Certification

In September 2013, Control Union Gozetim ve Belgelendirme Ltd. Sti., Turkey, was approved as GOTS certifier for scopes 1-4. The accreditation process was conducted by our cooperating partner IOAS.

Thus, 17 bodies are now entitled to work as GOTS-approved certifiers.

We continued to conduct webinars related to social compliance. These were performed by experts from Social Accountability International (SAI) in 2012 and continued



Breakdown of facilities by Region/Country 2013



Certification and Sustainability



with two sessions performed by Worldwide Responsible Accredited Production (WRAP) and Fair Wear Foundation (FWF). Again, the huge interest was demonstrated by more than 50 certifiers' staff members and auditors participating in each training.

PROTECTION

The GOTS logo is a registered trademark in about 80 relevant countries.

Our established internet based "Complaint Procedure" has proven to be a valuable tool to formalise and structure the complaint procedure. 43 complaint cases were filed in 2013 (following 57 complaint cases in 2012 and 42 cases in 2011).

Most complaints dealt with alleged unauthorised use of the GOTS logo (trademark violations), false references to GOTS (certification) and fraudulent pretensions that a company or products were GOTS certified.

Most cases of unauthorized trademark use and false references to GOTS were based on traders' and retailers' ignorance of the GOTS labelling system. Accordingly, they removed the GOTS logo and/or incorrect statements from their advertising material after our intervention. Some companies could subsequently be convinced to apply for correct certification to rectify the situation. In four cases we required the assistance of attorneys in order to enforce compliance (two cases in Germany, one in Denmark and one in Hong Kong).

Two chemical suppliers handed in forged data to base claims of compliance of their products with the relevant GOTS criteria. The management imposed a ban for two years in which GOTS certifiers must not approve any inputs of these suppliers.

Some complaints received in the past years which referred to failures or inconsistent implementation in the GOTS certification procedure led to clarifications or interpretation advice to the concerned certifier and/or to additions in the revised Manual.

PROMOTION - Development cooperation and environmental protection

Processing according to GOTS directly improves the environmental and social conditions in the production countries. The market for textiles and garments is buyer driven. Thus certification, especially in production countries, mainly depends on actual orders received. The (big) brands and/or retailers are the most powerful players in this game. They apply a strong pull effect on their supply chain and are, equally, able to push consumers. We continued talking to these leading brands and retailers to raise their awareness for the business case for sustainability and competitive advantage through GOTS certification.

GOTS licencees and the GOTS organization won national and international awards. "Alana", a German children's clothing brand by the dm drug store chain was awarded the "Green Brand Germany 2013/2014" by the Green Brands Organization. The running shirt of the first GOTS certified athletic wear, produced by German company Engel was awarded the "Outdoor Industry Award Best New Products" at Outdoor fair Friedrichshafen/Germany. The Consortium of Green Fashion (CGF), India, presented the award "The Best Green Initiative" in the NGO category to GOTS. The award was an appreciation for global activities in the field of promoting textiles produced from organic fibres, processed in environmentally and socially responsible ways.

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

Within the framework of the joint Soil Association and GOTS organic cotton campaign, we published the Cottoned On Infographic, which highlights the importance of the whole supply chain and shows that only GOTS certification (proven by the on-product GOTS logo) ensures environmentally and socially responsible processing up to the finished garment/textile product.

In 2010 GOTS had been one of the first voluntary standard organisations and the first textile one to cooperate



with the International Trade Centre (ITC) and enter all relevant data about GOTS into its "ITC Standards Map". In the meantime this data base has developed into a valuable information tool not only for the relevant industries but also for public procurement. The ITC Standards Map will also provide data on numerous voluntary sustainability standards for a standard comparison tool, presently being developed by ISEAL and (the German government economic cooperation agency) GIZ. GOTS is closely involved in this development.

Seven GOTS Regional Representatives promoted GOTS in their respective regions : Stuart McDiarmid (Australia, New Zealand), Sumit Gupta (India), Shirley Han (China), Satoko Miyoshi (Japan), Claudia Kersten (Germany, Austria, Switzerland), Sandra Marquardt (USA) and Christopher Scopes (United Kingdom). Sadly our valued colleague and dear friend Stuart McDiarmid passed away in November after severe illness. We remember his passion and commitment. Highlights of the GOTS Representatives' reports are summarised below:

Media

The annual press release on GOTS activities 2012 received excellent attention from all kinds of media worldwide, among them Apparel, Organic-Market.info, Just Style, Sustainable Food News, Textile World, Women's Wear Daily (USA), Ecotextile News (UK), Textilwirtschaft, and TM (D, AU, CH). In the UK, the key focus for outreach during the whole year was the GOTS Partnership with Ethical Fashion Forum Source (EFF). Beside a strong web presence for GOTS on the EFF Platform, content in Vogue.com, Drapers and Ecotextile News could be generated. Ecotextile News carried 33 news items mentioning GOTS. The leading German b2b magazine Textilwirtschaft had a total of 25 items and China Textile News together with Apparel Weekly published seven GOTS articles in China. In India, several interviews and articles were launched in leading Indian professional media like Apparel Online India and Colourage, including an online interview with GOTS Managing director Herbert Ladwig in

f2fashion. In Japan, the GOTS Representative's media work was supported by Yoshiko Ikoma, former GOTS Representative in Japan and a reputed fashion writer. In all regions the response by the professional textile media was higher than that by consumer oriented ones. Germany and Austria seem to be exceptions: Many Consumer Media published articles about green fashion and eco labels. Among others, GOTS Marketing Director Claudia Kersten gave an interview to the green consumer magazine EVE with a circulation of more than 492.000 printed copies. In Germany she was also involved in preparing the topic week "Where do our clothes come from?" by West German Broadcasting TV and Radio (WDR), a public service broadcasting station, which enjoys a great degree of credibility.

Approaching relevant textile operators

Trade fairs and congresses were again the primary platforms to address leading companies and key individuals. Among others, we participated with GOTS booths in: China: Interstoff Hongkong, Intertextile ;Europe: Ethical Fashion Show during fashion week in Berlin, Innatex, Munich Fabric Start, Texworld Paris, Source Expo London, Source Expo online, Source Momentum Summit London; Natural Product Expos and Outdoor Retailer USA; National Garment Fair India, IndiaTex, Biofach India; Biofach Japan. We held seminars or were panelists at a number of relevant events or meetings such as in China: Interstoff Hongkong, Intertextile, Planet Textile and CNTAC conference on corporate social responsibility;Europe: Ethical Fashion Show (EFS) during fashion week in Berlin, Innatex Jeans panel, Munich Fabric Start, Texworld Paris, Fair Dortmund, Usbekistan Panel during EFS, UK: Source Momentum Summit; India: 7th Asian Textile conference, Tag Conference International and All India Textile Conference National Textile Summit; Japan: Biofach Japan Ethical Fashion symposium, Eco products expo; USA: Expo West Anaheim, CA Expo East, Outdoor Retailer. And GOTS representatives attended, inter alia, the EcoTextile Innovation Symposium, Austria; the Fair



Wear Foundation Annual Conference and International Stakeholder Meeting; the CEN (European Norming Organisation) meeting on environmental labelling, London and Treviso/Italy ; the Expert Consultation on Environmental and Biodiversity Protection in Sustainability Standards, GIZ, Berlin; the Annual Conference on Social Responsibility of Chinese Textile and Apparel Industry, China National Textile and Apparel Council (CNTAC), Beijing; the CNTAC-ZDHC Stakeholder Meeting on Hazardous Chemicals in Textile Industry, Beijing; the Meeting of the EU Commission Expert Group on Textile Names and Labelling, Brussels; the Textile Exchange Integrity Meeting and Annual Conference, Istanbul, and several Expert Consultations on the development of a voluntary sustainability standard comparison tool organized by ISEAL/GIZ (see above) in London, Berlin and Bonn.

Initial consultancy for GOTS certification

Beyond consultation activities during the numerous trade fairs and in individual cases, GOTS Representatives conducted webinars focussing on different aspects relevant for GOTS certification.

US GOTS Representative Sandra Marquard held webinars for Eileen Fisher and Whole Foods Market, Germany/Austria/Switzerland GOTS Representative Claudia Kersten held webinars for Blutsgeschwister, Dibella, Ulla Popken and Gucci.

Additional Activities

SCAP: The UK Government's Sustainable Clothing Action Plan (SCAP) was launched in June, when 40 UK companies, together representing 40% of retail trade, signed a commitment to reduce the carbon, water and waste of the UK clothing supply chain. GOTS signed up as a "Supporter" and was closely involved in the definition of the targets and improvement actions set to reduce the footprint of clothing. GOTS UK Representative Christopher Stopes acted as a member of the SCAP Steering Group and the Metrics Working Group. Among the improve-

ment actions defined by SCAP is the possibility for the 40 participating companies to score by switching from conventional to organic cotton.

Consumer Education

As it exceeds by far GOTS' resources to engage in large scale consumer education, all work in this field has to be done via consumer organization, media and other multipliers: In Germany, Austria and Switzerland, the GOTS Representative supported several consumer oriented internet platforms such as Label-online.de, fairfinder.at and getchanged.net with relevant information. GOTS is generally rated as the best standard for textiles and is recommended in the Greenpeace "Einkaufsratgeber" (purchasing advisor) and a consumer flyer "Sustainable shopping basket" published by the German Council for Sustainable Development.

University and School Education

In Japan, several GOTS representatives gave lectures at education institutions such as Chihaya High school, Seitoku University, and S-mode college. Likewise, the Indian GOTS Representative lectured students at B.D. Somani Institute of Art & Fashion Technology, Veermata Jijabai Technological Institute (VJTI), Mumbai (in coordination with SDC EC) and B.Tech (Textile Chemistry), Guru Nanak Dev University, Amritsar. In Germany the GOTS Representative gave two lectures at the University of Applied Science Department of Textile and Clothing Technology in Mönchengladbach. In addition, she conducted two full-day workshops at ESMOD, Berlin, for students of the MBA program Sustainability in Fashion, and at the University of Oldenburg. Webinars were conducted for Oikos International, Switzerland, and for design students at the University of Zwickau. There is an increasing interest from relevant academic institutions in eco labelling. In Germany and Switzerland we observe a trend to include organic (cotton) production and processing into elementary and high school curricula and education materials.



Politics

In the USA, the North American GOTS Representative participated in a meeting by OTA, GOTS, Sustainable Sleep Association, and Naturepedic with USDA NOP director Miles McEvoy and representatives from the Federal Trade Commission. The participants discussed improvements in the enforcement of the 2012 USDA policy regarding "organic" textiles. In China, we signed a Cooperation Agreement with the China National Textile and Apparel Council. The cooperation will include training and consultancy for CNTAC members on sustainable production and GOTS certification.

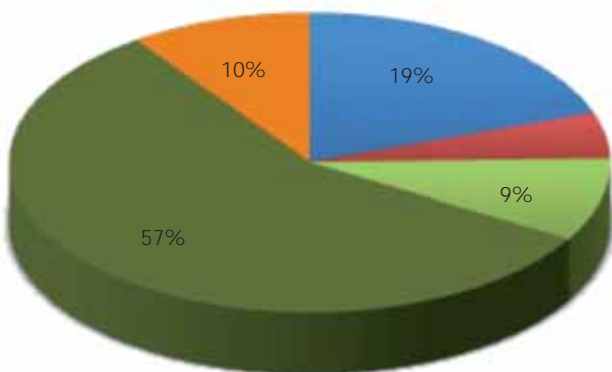
In line with general developments in the EU, sustainability criteria are increasingly included in public procurement guidelines in Germany. The state government of the federal state of Bremen, partnering with the EU funded "Landmark Project", organized conferences for pu-

blic procurers where we, among other voluntary sustainability standard setters, presented GOTS.

At the European level, we continued our participation in the relevant advisory committee for the review by the EU Commission of the EU organic regulation. As it was finally decided to abandon the idea to extend this regulation to textiles (and cosmetics), our involvement was rendered superfluous. Upon invitation to the EU Commission's Expert Group on Textile Names and Labelling, we demonstrated, in a detailed presentation, cases of "greenwashing", presently legally possible in the EU. We proposed that, by amending the EU Textile Regulation, the EU should follow the US example to allow the use of "organic" and equivalent terms only for textile goods certified to a recognized organic textile processing standard and labelled accordingly.

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).



Expenses by task fields 2013

Income

Annual Fee	
30 € per facility inspected and/or certified	90.540 €
License Fee	
120 € per facility inspected for a certified entity	349.320 €
Registration Fee	
15 Euro per approved trade name of an auxiliary input	35.895 €
Interests and Currency Conversion	658 €
Total	476.413 €

Expenses

Standard and Quality Assurance System	86.101 €
System Protection	21.847 €
Promotional and Marketing Tools	39.012 €
Promotional Activities, GOTS Representatives	248.563 €
General Administration	42.962 €
Total	438.485 €



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 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.