

# CCS 2.0 Open Feedback Period A Summary of Feedback Received

June 2020

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## Introduction

Textile Exchange is committed to building credible, internationally recognized standards that include assurance and monitoring and evaluation systems. As a member of ISEAL, Textile Exchange follows three [Codes of Good Practice](#) in addition to its procedures for [Standard Setting](#), [Accreditation and Certification](#).

The Content Claim Standard (CCS) is the chain of custody requirements for all Textile Exchange standards. The standard verifies the presence and amount of a given claimed material in a final product. It provides a strong chain of custody system from the source to the final product and is certified by an accredited third-party certification body. It allows for transparent, consistent, and comprehensive independent evaluation and verification of material content claims on products. The CCS is the backbone of Textile Exchange standards.

In April 2020, Textile Exchange launched a comprehensive revision of the Content Claim Standard 2.0. Feedback on the current CCS 2.0 was collected during a 30-day period in May 2020. This document provides a summary of feedback received during the open feedback period. We will research the issues submitted during the Open Feedback Period and, in collaboration with the International Working Group, will be creating a Draft CCS 3.0 that will also be released for public comment at a later time.

## Section A - Stakeholder Participation

In total, 35 stakeholders participated in the Open Feedback Period. 26% of the comments came from Professional Services (Certification Bodies and Consultants), 31% of the comments came from Brands and Retailers, 20% from Civil Society, 11% from Materials Producers, and 11% from Supply Chain.

Total number of stakeholders:

- Brands/Retailers: 11
- Supply Chain: 4
- Raw Material Producers: 4
- Professional Services: 9
- Civil Society: 7

The open feedback period officially spanned over 30 days from May 1st- May 30th, 2020. An extension was given until June 12th, 2020.

Stakeholders from the following regions participated: Australia, Belgium, Canada, Columbia, Germany, India, Italy, Netherlands, Pakistan, South Korea, Spain, Sweden, Turkey, Ukraine, United Kingdom, and the United States. We did not hear from any stakeholders in China or Bangladesh, two of the faster-growing countries adopting our standards.

## Section B - Summary of Comments Received by Theme

The goal of Textile Exchange's Content Claim Standard (CCS) 2.0 is to ensure the accuracy of content claims. It requires that each organization along the supply chain take sufficient steps to ensure that the integrity and identity of the input material are preserved.

An overview of the comments received during the Open Feedback Period is provided below, grouped by theme, and whether it is in or out of scope for this revision.

## In-scope Feedback Received

### CCS Scope

#### General

- Clarity if and how the CCS applies to products outside of the textile sector.
- Clarity on which components of a product need to be certified for a claim to be made.
- Clearly require that the organization demonstrate that they are a legal entity using documents such as a business license, tax registration, etc.
- Proposal for CCS to achieve a more central and independent status. Offers possibility to separate more clearly the specific raw material standards from CCS itself, should another type of chain-of-custody control tool be implemented.
- Added guidance as to what an example of a parent organization is.

#### Social and Environmental Considerations

- Add new section on social welfare that addresses the living wage gap and applies local law versus ILO requirements.
- Add new requirement to ensure that all sites have an environmental management plan and wastewater treatment intact.
- Add new section on Ethical Business Behavior.
- Add new section to address the Environment and Hazard Codes that are not allowed including, H300, H310, H330, H340, H341, H350, D351,360,3610,370,3710,372, H400,410,411,413, 420,433 & GRS code in CCS.
- Added requirement that no fibers and materials shall be used if they originated from a source of which there is evidence of persistent pattern of gross violation of ILO core labor norms, land grabbing, or deforestation.

**Textile Exchange response:** While social, environmental, and chemical processing is out of scope for the current version of the CCS, we will look at this as an optional add on to the CCS or as a set of core criteria.

#### Scope Certificates

- Increase scope certificate validity from *one year* to *three years*.

**Textile Exchange response:** We have discussed this when we created ACP V2.0 and got strong opposition from some of the stakeholders which prompted us not to change it. We will revisit this conversation during the CCS revision.

- Consider if companies should be allowed to add sites they don't own to their SC, e.g. farm/slaughter sites, suppliers, subcontractors, traders.

**Textile Exchange response:** We currently already allow sites to be added to the SC.

- Consider allowing scenarios where a site can be part of multiple SCs for the same standard. Currently the CCS Cert Procedures do not allow for this.

### Production Prior to Certification

- Consider when production should be allowed prior to certification. Currently, CCS V2.0 says production, must wait for the SC to be issued. Is this necessary?

### Types of Certification

- *Group Certification*
  - Incorporate group certification (multiple companies that are small) similar to farm group certification.
  - Add requirement or guidance on product produced via home working.
- *Multi-Site Certification*
  - Determine if special requirements (e.g. ICS) or options (e.g. audit sampling) are needed for multi-site certifications.

### Equivalency

- Add guidance that equivalent standard consideration must also have a CCS 'backbone' for chain of custody in addition to the on-farm guidance that applies for the RWS, RMS, and RDS.

**Textile Exchange response:** Our intent is to write precise standards that specify what is in and out of scope and we will take a look at this feedback to provide more clarity in CCS 3.0.

### Document Structure

- Include graphics to help sites better understand what the certification options are according to the different actors in the supply chain.
- Quick navigation models added to the beginning of the document.
- Recommend to define minor/major non-conformities and to list some examples. Also mention that those non-conformities may not permit the issuance of an SC.
- Removal of anything normative (e.g. "shall") from the User Manual which isn't directly quoting the standard.
- Specific requirements for Accreditation Bodies, Certification Bodies, and organizations/operators be differentiated by chapters to ease implementation.
- For auditor training purposes, include examples of volume reconciliation calculations as they relate to different processes that are carried out in the textile industry.
- Add the following documents to the list: ISO/FDIS 22095:2020, ISEAL Chain of Custody Models Guidance (2016)
- Renaming of section B3 from *Managing CCS Product during Production* to *CCS Chain of Custody Principle* to match the formatting of the OCS.
- Renaming of section B3.3 from *Segregation* to *Integrity* to avoid confusion with the Segregation CoC model.
- Expansion of section to introduce CoC Models.
- Renaming of section B2.1 from *Input Inspection* to *Input Material*.

- Remove the word *Identity* from desired outcome to prevent confusion with the Identity Preservation and Segregation CoC Models.

**Textile Exchange response:** We will use this feedback to round out our user manuals and training decks. This will be outside of the scope of the final decision by the IWG, but we will get feedback on any proposed changes to the structure of the CCS with the IWG and the public consultation.

We have already adapted our document structure in the revisions of the Responsible Down Standard, Responsible Wool Standard, Responsible Mohair Standard, and Organic Content Standard. This revision of the CCS will result in three new documents: CCS v3.0, CCS User Manual, and CCS Certification Procedures. Additional changes will be reviewed.

## Chain of Custody Model

- Clarify current chain of custody model

## Transaction Certificates

- Determine if TCs should be required for transfer of materials between sites if it's not being sold between companies.
- Add guidance for companies who don't need certification around SCs and TCs and what the expectations and requirements are for logo use & claims.
- Add requirement for sales where the standard is claimed in some way and no TC has been issued.
- Recommended conversation around how TCs apply when a site in the SC is making a sale.
  - Consider a process for TC withdrawals. Add provisions for cases where a TC is withdrawn, cases where a TC is expected (and claims that extent may have been made) but is not received.
  - Consider how to maintain traceability when a product ownership is transferred at point of shipment rather than on receipt (i.e. buyer rather than seller arranges transport.)
- Recommendation to have increased transparency throughout the entire certification process. For example, have all prior TCs attached to the current TC file as the product moves through the supply chain.
- Add guidance to ensure that TCs are required for sales between sites of the same company, whether they have the same SC or separate SCs.
- Add new technical quality parameters to require a 3<sup>rd</sup> party test report that also provides information on the material content.

## Volume Reconciliation

- Move towards a mass balance system versus volume reconciliation
- Include a mass balance mechanism for bio based content and chemical recycling processing.
  - Allow controlled mixing of Claimed Materials with non-Claimed materials when using a Mass Balance Chain of Custody Model.
- Proposed change for chemical processing/recycling to have the option of mass balance accounting in order to address circular economy within the industry.

### Consider innovations in traceability for the CCS

- Add an alternative, digital option for managing the flow of goods through the supply chain.
- Allow tagging or marking technology as a potential replacement for TCs where and when applicable.
- Implement NANO technologies based on colloidal systems based on Bast Crops.

**Textile Exchange response:** Textile Exchange is exploring how the CCS can evolve to capture innovation in chain of custody models. This will be included in the scope of the revision, along with a review of the suggestions made for transaction certificates (TCs).

We will be looking for more stakeholder input on the topic of innovation (e.g. tracers, tagging, marking technology, or blockchain, etc.) in the months to come and encourage stakeholders with expertise in this area to contact us.

## Auditing Requirements

### General

- Add guidance that on-site audits must occur annually.

**Textile Exchange response:** ACP V2.0 already specifies that audits must occur annually.

- Add guidance around data sharing between CBs if connected sites are working with different CBs. Additional financial check also recommended.
- Add guidance in new subsection that lists types of sites eligible for unannounced on-site audits including, any sites with chemical use, sites that are recycling materials, and first processing sites.
- Add guidance/clarification/new requirements around Tier 2 suppliers to make it achievable for them to get certification.

### Risk-based auditing

- Allow remote initial audits for organizations that hold certifications for other Textile Exchange standards or GOTS with the same CB (and the new standard is not GRS).

**Textile Exchange response:** This is already allowed, as per the CCS v2 Certification Procedures.

- Recommended conversation around the following auditing topics: remote audits, traders and the frequency of audits, warehouses (especially post-production), brands, using remote audits as a reward for good conformity.
- Proposed risk-based approach to acknowledge low risk sites (e.g. post-production subcontractors) in auditing requirements.
  - Additional feedback that parameters should be developed for determining the levels of risk per site in the supply chain.
- Use COVID-19 guidance to develop a method of evaluating risk and completing remote audits.

### Subcontractors

- Define more clearly who a subcontractor is.
- Add specifying language that subcontractors need to be audited.
- Add new requirement that subcontractors need to provide TCs.
- Added guidance for defining credentials in high and low risk subcontractors.
- High risk processing steps cannot be performed by subcontractors (e.g. wet-processing under the GRS) or All subcontractor are audit annually.
- Recommended that parent companies not be considered as a subcontractor, only subsequent sites.
- Add a new sub-requirement that states the CB has the right to audit a subcontractor, unless the subcontractor is certified.

### Traders

- Add new subsection that specifies that traders must have separate SCs.
- Include guidance to alleviate confusion and risk in managing traders. Potential options include: avoiding certification if the TC can go from their supplier to the customer, allow the trader to be part of the supplier's or customer's SC, or allowing trader to register and receive/request TCs based on paperwork only (or 'lite' audit).

### On-site Audit Conditions

- Removal of section C3.3b. Not meaningful as part of auditing.
- Remove the need for 'office-only' locations to be audited when they are just placing POs. The name on the TC might be based on the outsourcing office that placed the PO but should not require auditing.

### Auditing Outgoing CCS Product

- Addition of a new section 'Financial Check' with subsections that ensures that all input CCS products must have an output CCS product TC.
- Proposed guidance that if a buyer wants to sell product, they must keep the TC.
- Remove C4.1a and replace it with specification on how to exactly issue a TC, step-by-step, in compliance to the relevant policies.
- Added guidance on the certification requirements for certifications.
- Remove the requirement for CBs checking invoices/shipping documents on incoming claimed materials based on the fact they are already checked and verified at the time of the TC issuance.
- Added requirements to provide guidance on what 'deviations' are and how to investigate them within volume reconciliation.

**Textile Exchange response:** During the revision, we will explore ways that risk assessment could contribute to adjustments in the level of auditing required. We want to explore models that allow auditing to be more targeted and efficient, while still ensuring a high level of credibility.

Some comments identified here are covered in the [CCS-102-V2.0 CCS Certification Procedures](#), released June 1st, 2020.

## Brand Certification

### Overarching feedback

- Brand certification often leads to confusion on the brand/wholesaler/trader/retailer side and options for post-production exemptions are not at all clear. This acts as a barrier to brands interested in communicating about the standard.
- Post-production parties are lower risk in swapping materials or labeling. Recommend to lower the barrier to label products.
- Post-production exemptions could be replaced with validation based on in-store sampling or brand anti-fraud programs.
- Add option for parent company certification.
- Add guidance for definition of 3rd party logistic companies.
- Build an exemption for brands who are also manufacturers.
- Change desired outcome from requiring brands to have sufficient control with ICS and demonstrated volume reconciliation to those that have proper control over products to be eligible for certain exemptions.
- Add a new section addressing requirements for B2B trading companies and retailer groups operating wholly owned B2C subsidiaries.
- Add clarity for GRS if social requirements also apply to the warehouse.
- Consider the definition of 'processing' for the purpose of post-production and who needs certification. Examples below:
  - Adding packaging (e.g. single socks need to be bagged multi-pack), adding law label, retail level customizations (e.g. silk screening).
  - Is the chemical module in the GRS a factor here?

### Batch Code Exemption

- Reduce requirements around the need for a CB Acronym code since many brands have batch codes sewn in with PO numbers, style number, and season.
- Implementing a full batch code label system seems unrealistic for most brands to pursue.
- Clarify what post-production sites are being referred to in the batch code exemption.
- Proposed change for certifying SKUs instead of batches.

### 100% Claim Exemption

- Add guidance for the need to receive TCs for all CCS products in exceptional circumstances. Recommend risk-based assessments to approach this.

### Brand Network Certification Exemption

- Not widely used, and rather cost prohibitive for most.
- Reduce requirements around the entire the BNC system, potentially to include a 0 BNC level or a 'lite' desk audit for wholesalers.

**Textile Exchange response:** Reviewing the requirements of certification at post-production is a high priority in this revision. We are planning to review existing models and possibly create some clearer auditing guidance specifically for brands and retailers to ensure that the certification



process makes sense and drives adoption of materials and consumer communication. Note that auditing via a risk-based approach will likely impact brand certification requirements (see 'Risk-based auditing').

We are also currently revising our Claims Framework, and some of these points may be addressed ahead of the CCS revision (e.g. information required to be listed on the hangtag and ecommerce sites).

## Role of the Retailer

- If the brand or final B2B seller requirement remains in place this revision, how can we address the following retail situations?
  - Independent retailer when the brands own the product
  - Department Stores
  - Stock where ownership is only partially transferred to retailer or is hard to determine
- Request for a 'Retailers Guide' that brands can send to their retailers. Guide offers reasonable recommendations that retailers can ask brands for when they need to substantiate claims. Currently, brands cannot disclose confidential supply chain info so TCs cannot be sent as a way to substantiate.

**Textile Exchange response:** Some of this may be addressed in our revision of our Claims Framework, and we are planning to create guidance documents for retailers engaging with the standards. This will be released prior to the CCS revision. We will conduct a careful review of these scenarios and offer more guidance where possible.

## Making Claims

- Provide incentive for middle tier suppliers to become certified by allowing brands to make additional claims. Potential to have tiered levels of claims.
- Clarity needed if logo use and claims should be used if a company is not making certified sales (e.g. promotionally).
- Allow for labeling without a complete chain of custody in place.
- Added procedure for misuse of logos for CBs.
- Clarify that "through to the seller in the last business-to-business transaction" language is critical for labelling. Add that companies responsible for the product should be certified (both brands and brand/retailers). Clarify how certification of this is different than certification for a manufacturer. Require retailers to be registered or provide information in order to label products.
- Allowable claims outside the Textile Exchange standards needs review including an internal process for approving such scenarios.
- Add sub-requirement to ensure that the CCS Logo Use and Claims guide is explicitly required if using the CCS as a base standard for certification.

**Textile Exchange response:** We are currently assessing our claims framework and this document will address some of these issues. During the CCS revision, we will also look into what claims are allowed at what stage.

We will not allow product claims on products that have not been fully certified, though other claims may be permitted.

## Operational Requirements

### Management System

- Add guidance regarding the organization's choice of CoC model and their responsibilities for properly implementing it according to CCS and the CoC requirements.
- Add guidance that sites and CBs need to keep a record of volume reconciliation per batch-wise production on a weekly or monthly basis. This should be applicable for continuous production as well.
- Add requirement that each organization have an internal complaint process related to their certification.
- Reduce the amount of time records are required to be retained by the organization.
- Add guidance regarding the number of staff trainings required in regard to the implementation of the standard. Suggested at least three per year and an additional training before the first application (audit).

### Managing CCS Inputs

- Clarification/Rewording to clearly imply materials not yet certified to the Standard.
- Added guidance to include a PO, logistic document, invoice, and packing list for claimed materials entering the supply chain from an outside source.

### Managing CCS Product during Production

- Recommend distinguishing if you are talking about an organization and the segregation of their materials or you are talking about a CCS product with a blend of materials.
- Reword restrictive language to ensure system is in place to track materials which are being claimed but allow other methods of segregation including all material on site being certified or having discrete units of finished products, even with no standards labelling.
- Add guidance to explicitly require the use of the Blending CoC Model.

**Textile Exchange response:** The CCS Revision will include a detailed review of what is required of certified organizations to properly handle certified products. This is the heart of the standard, and these comments will be reviewed in the scope of the revision.

## Accompanying Documents

### Certification Procedures

- Recommended conversation around how to ensure the product is on site when the audit occurs, especially in cases of seasonality such as RWS or RDS.
  - Also consider whether the product must be the certified materials or is the same material acceptable?
- Develop/add guidance around the protocol for unannounced audits.
- Develop/add guidance around the requirements for issuing TCs.

- Adjust the expiration from *12 months* to *14 months* to match the ACP V2.
- Develop/add guidance on risk assessment criteria for subcontractors.

**Textile Exchange response:** This has been covered in *CCS-102-V2.0 CCS Certification Procedures*, released June 1st, 2020, however it merits further discussion.

- Recommended conversation around how to handle concerns with subcontractors certified by a different CB.
- Removal of the CAP requirement in C1.3b.
- Add guidance on C4.2b.

#### CCS Implementation Manual (to be changed to CCS User Manual)

- Added guidance to the final product Claimed Material percentages so that they are representative of the actual Claimed Materials present after processing and in consideration of the waste loss.
- Added guidance to distinguish certified from non-certified products in Batch Code exemption labels.
- Add guidance example for B3.1 – B3.3 to explain the percentage blending and mixing.

#### Supplier Training

- Consider how to encourage better supplier training. Potential for required CB training with annual or biannual frequency based on regional differences like GOTS allows.

**Textile Exchange response:** This feedback will be particularly useful to expand on our existing guidance to accompany the CCS. Some comments are outside the scope of final decision by the IWG (e.g. required CB trainings), however these draft documents will all be reviewed by IWG members.

## Out-of-scope Feedback Received

- Add sub-requirement to prohibit single-use virgin plastic hangers. Also include provisions around synthetic packaging material not containing chlorinated plastic (PVS), and paper or cardboard used in packaging must be recycled and certified with either the GRS or RCS.

**Textile Exchange response:** We don't address packaging by itself, it is out of scope. If packaging is the claimed material (e.g. poly bags), then packaging is in scope.

- Require joint communications between CBs, Textile Exchange, and Brands when updates and guidance is added to the CCS in order to keep consistency in interpretations of the standard.

**Textile Exchange response:** Streamlined communications with our CBs is part of our regular improvement processes and not a CCS topic alone.

- Consider overarching standard where suppliers from the yarn level onward could be certified to the umbrella standard and automatically have SCs issued for all the standards (OCS, RCS, GRS, RWS, RDS, RMS)

**Textile Exchange response:** This is a decision about how our certification system works and not within scope of this revision.

- Recommend conversation on whether or not Textile Exchange should add guidance for limits on TC pricing.

**Textile Exchange response:** Price setting is out of scope of CCS documents. TC prices are set by each Certification Body individually.

- Recommend to specify how much notice must be given for unannounced audits. Define how percentage of unannounced audits is calculated.

**Textile Exchange response:** The CCS revision will not cover decisions on our certification procedures. These topics will be covered during our next ACP revision. We will look forward to your feedback at the time of the ACP revision.

- Add guidance that SC and TC is only to be issued after closing any NCs assigned to the site.

**Textile Exchange response:** ACP V2.0 already specifies when an SC may be issued with NCs open (no to majors, yes to minors). TCs may be issued when non-critical NCs are open (e.g. between the audit and recertification).

- Increase the amount of time for certification decisions to be made from *60 days* to *90 days* and allow for additional time for the actual scope certificate creation.

**Textile Exchange response:** The CCS revision will not cover decisions on our certification procedures. These topics will be covered during our next ACP revision. We will look forward to your feedback at the time of the ACP revision.