

# Textile Exchange Certification Toolkit

## **Basic Package**

A free resource for the textile industry

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every effort has been made to ensure that the information provided is accurate, it does not constitute legal or other professional advice.
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The information in this guide is based on certification, defined as third-party verification to a recognized standard using transaction certificates as the chain of custody system. This is the system of standards most recommended by Textile

Definitions for terms in bold may be found in Appendix 2 – Terms and Definitions.

Exchange.

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## Introduction to the Certification Toolkit – Basic Package

Product integrity is the linchpin of sustainability in the textile industry. Though it is the most effective and transparent method of embedding integrity, the thought of complete certification may seem overwhelming. But it does not have to be. The Industry Integrity Team at Textile Exchange put together the Certification Toolkit as a guide to smoothing out the path to product certification. Taking into special consideration the needs of brands and manufacturers, the guide will be useful as the first step in understanding how certification works and identifying the actions for your company to begin certifying your products. For those who have already begun to use product certification, the Certification Toolkit will provide answers to implementation issues, reading certificates, and additional technical issues.

The Certification Toolkit – Basic Package is a condensed version of the full Certification Toolkit. The complete Certification Toolkit is available as a benefit at no extra charge for members of Textile Exchange or may be purchased by non-members for \$250. For more information, contact us at <a href="Integrity@TextileExchange.org">Integrity@TextileExchange.org</a>. The table of contents for the complete Certification Toolkit may be found on page 34.

#### What is integrity?

Integrity exists when business practices are consistent with publicly stated principles. To create a more sustainable textile industry, all actions being taken and claims being made must be truthful and reflect relevant positive change.

"Integrity is what we do, what we say, and what we say we do."
- Don Galer

Individuals, companies and organizations are committing enormous energy and resources to bring greater sustainability to the textile industry, and many significant improvements have come along as a result; fibers are being grown organically, materials are being recycled, non-renewable resources are being replaced by renewable ones, fewer and less toxic chemicals are used, emissions are reduced and energy, water and inputs are all being used more efficiently. These efforts must be built on a foundation of integrity.

Integrity in business is about more than just purity of intentions. It involves understanding the sustainability issues being addressed, having a life-cycle approach<sup>1</sup>, taking actions to verify the truth and accuracy of all claims being made, and being transparent.

<sup>&</sup>lt;sup>1</sup> Life Cycle: Consecutive and interlinked stages of a product or service system, from the extraction of natural resources to the final disposal. - ISO 14040.2 Draft: Life Cycle Assessment - Principles and Guidelines.

#### **Section One:**

## The Importance of certification

## 1.1 Why is certification necessary?

Certification is a means to confirm that the levels of social and/or environmental performance claimed for a product are correct and verified by an external party.

Third party certification is considered one of the strongest ways to ensure the integrity of sustainability claims. In this system, an independent third party gives assurance that a company, process, or product is in compliance with requirements in a particular standard.

Certification provides legal and brand protection, purchase assurance, and greater credibility to the claims being made.

Above all, certification is a means for ensuring that environmental and/or social improvements lead to meaningful and positive change.

#### 1.2 Types of verification

Third-party verification: The form of verification most recommended by Textile Exchange is third-party certification to a recognized standard, as it ensures the highest degree of impartiality and assurance. Ideally the party who has written and owns the standard is a separate entity from the party certifying to the standard. The certification body will be accredited by another separate party (accreditation bodies) to ensure professionalism and consistency in the way the certification is carried out.

The advantages of working with independent certification bodies (CBs) are:

- CBs make an independent assessment that standard specifications have been met.
- CBs are qualified with a high level of professional experience and expertise.
- CBs have no commercial interests in the products, companies or services assessed and certified.
- CBs are typically licensed or reviewed by accreditation bodies, which monitor their integrity and performance.

Working with third party certification ensures that the evaluation is robust and credible and hence represents the highest level for integrity.

#### Verification by standard setting body:

Some internationally recognized standard bodies also conduct their own audits to monitor compliance with their standards rather than using a separate accredited certification body.

Second-party verification: A brand may also choose to verifiy the products and facilities of their supply chain on their own; any time that verification is done by a company in a business relationship with the party being assessed, this is considered second-party verification. For example, a spinning factory may be assessed by a customer. It is often a time-consuming and costly exercise for the company gathering information, and requires a strong understanding of both the requirements being made and the production processes and business operations of the companies involved.

Certification is one of a number of options to verify claims being made on products. While it is most often considered to be the strongest method of verification, there may be situations where other methods are adequate or even more appropriate.

#### **Self-Reporting (First-party verification):**

Another form of verification is based on reporting product information from the supply chain members themselves. These may take the form of written assurances or formal affadavits that their processes and products are in conformance to a given set of requirements; either self-developed guidelines or a third party standard.

**Negative Testing:** A product may be tested against a list of restricted substances to ensure that no harmful substances are present in the final product.

This may be used to support claims made about the health benefits for the end user, or to reduce the impacts of production by restricting the chemicals that are used.

**Positive Testing:** Product testing may be done by testing a product for the presence of either a marker or substance.

Example: Company X puts a marker into its recycled polyester fiber. It can then test final products for the presence of this marker, to ensure that their recycled fiber is actually being used.

Testing has limited application, as many preferred materials are difficult or impossible to test for; they may have identical physical properties to the conventional materials, and be distinguished by the way they were grown, harvested or processed. Not every substance, even when used in production, will show up in the final product. Product testing may also be conducted as part of first, second, or third-party verification.

#### 1.2 Benefits of certification

**Legal:** Because product claims may invoke laws<sup>2</sup> around truth in advertising, and certain words like "organic", "natural" and others are legally protected in some countries, certification provides documentation to back up claims being made and meet legal requirements

**Brand Protection:** A company's reputation may be at stake when claims made about their product are disputed. Certification provides a credible voice, outside of your company, verifying that your claims are valid. If false accusations arise, certification can safeguard your company and prevent actual costs of damage control through documented proof.

Purchase Assurance: Higher social or environmental performance typically comes with additional cost; certification works to ensure that you are getting what you paid for, so your investment is protected.

Credibility: Certification through standards strengthens recognition of terms like "recycled" or "organic" for the entire industry. It ensures both buyers and consumers that the environmental and social product claims are backed up by a recognized standard.

Creating Synergies: Certification to internationally recognized standards contributes to greater industry alignment on specific issues. The greater number of products certified under similar standards, the easier it is to compare and assess the progress of the standards. This allows for appropriate revision and moves the industry along much quicker than if every company used their own standards.

**Speaking the same language:** The system of recognizable standards creates a common language for suppliers, brands, retailers, and consumers globally.

Demonstrates commitment to integrity: Rather than an organization or company simply claiming to address sustainability challenges, certification provides an opportunity for the company to qualify their commitment and have their products or services verified by a third party.

Competitive advantage: Voluntary certification supports leadership and enhances global competitiveness, by creating differentiation among similar products. Being certified to recognized standards creates opportunities to open doors to new markets.

Improving product value: Certification gives an opportunity for manufacturers and producers to upgrade their products and improve production practices, which can lead to improved product quality and market positioning.

Improved recordkeeping: Certification and its requirements can result in improved management and recordkeeping. Many companies have experienced improvement in strategies and efficiencies around recordkeeping and management practices.

<sup>&</sup>lt;sup>2</sup> Check the labeling laws in the country of sale; or for online sales, check the country where the item is being sold into.

## 1.3 Challenges of certification

Certification is a snapshot in time and in space: Certification is a tool that supports integrity. It also supports change as internal control systems are built. However, the audit happens at a particular space and time which would not guarantee the situation between visits. Capacity building on the ground is hence very important to ensure continuous improvement and behavioral change and create partnerships beyond traditional buyerseller. No system is fool-proof, but doing nothing is not an option and certification is one of the best tools we have. It should always be considered as a means and not as an end.

Increased Cost: The audit process can be costly for smaller operations. Because the cost is based on the number of facilities, those companies producing a small number of certified products may find the costs prohibitive. Preparing processes according to the standard before the audit occurs can save money. Increased consolidation of certified products will also create greater cost efficiency.

There may also be costs associated with bringing production under compliance. These costs will be upfront, but most companies can expect increased business and customer loyalty.

For more information on the costs of certification, see Section 5.

**Establishing New Relationships:** Getting your entire supply chain certified may prove difficult. The process seems to be easiest for those that work through certification alongside their suppliers. Companies may also experience challenges finding acceptable companies already certified. Working out the new relationships may be time-consuming and costly. This process can be streamlined by finding the company through the standards setting organization and by consulting the Section 3: Essential Steps of Certification for additional information.

## Too many audits can become a burden: External audits take time and

require additional internal resources. When manufacturers are required to comply with many different standards, multiple audits occur. This can become burdensome for them and result in less diligence with each audit. It is important to carefully select well established standards that are widely used in the market.

#### **Conclusion**

Despite some of the challenges, certification remains one of the strongest methods of ensuring product claims are accurate and clear. The value of third-party certification in verifying product integrity and building strong relationships between suppliers, brands and retailers greatly outweighs the costs of becoming certified.

### **Section Two:**

### How does certification work?

This guide will focus on how the system of third-party certification works. It is important to have a solid understand of the terms used to explain the process of certification. You can find a list of key terms in "Appendix 2 – Terms and Definitions".

## 2.1 Certification mechanisms

Third-party certification is critical to verifying the validity of product claims by monitoring what happens throughout the entire production process.

For organic materials, certification is mandatory at the farm level, and is conducted by certification bodies to a farm standard such as the USDA NOP standard, or the EU 834/2007. After an audit at the farming sites, upon approval, the certification body will issue a certificate of compliance.

In order for a brand to sell goods as certified to a voluntary standard the entire supply chain must be certified. This means that the facility where each production step occurs (farming, spinning, fabric manufacturing, dyeing and finishing, etc.) must be inspected by a licensed certifier and given a scope certificate, or 'certificate of compliance', that shows they are certified to produce goods to the given standard. Note that the scope certificate is not enough to show that the products they are making have actually been produced to that standard, as most companies will be dealing with both certified and non-certified products. Certifications are generally valid for one year, after which another inspection and certification is required.

Producer groups and supply chain members have access to various certification bodies depending on their geographic region, and it is not necessary for brands to specify which one should be used. However, it is important to specify which **standards** the products should be certified against, and ensure that the certifiers they use are accredited or licensed to certify against the required standard. Different certifiers may certify different parts of your supply chain. Each certification body should accept valid documentation from other certification bodies, as long as they are accredited to the given standard.

As the raw material moves along the production chain, transaction certificates (TC's) are issued each time goods are shipped. The transaction certificate is issued by the certification body to the producer and recipient. For example, if the spinning mill is sending a batch of yarns to the fabric mill, once the order has been shipped, it will send the details of the shipment to the certification body requesting a transaction certificate. The spinning mill will then send that TC to the fabric mill, so that the fabric mill has assurance that the yarns were certified to the given standard. The fabric mill, in turn, will go through the same process when it ships to the garment maker.

The transaction certificate allows certifiers to perform a mass balance test that looks at the total amount of certified inputs that a company received, and the total amount it shipped out (taking into consideration the gain or loss during production). Because all certified inputs that a company receives must have a TC with each shipment, and the company must send a TC with all outgoing shipments, the total flow of certified material is captured in these documents, and the certifier can review them during a scheduled or random inspection.

When a transaction certificate is attached to all shipments that contain certified input, complete **chain of custody** is possible.TC's may be issued by different certification bodies without affecting the tracking or validity of the fiber flow.

Your suppliers may show a transaction certificate that simply shows the inputs they have purchased are certified. However, this does not give proof that these inputs went into your products — it is even possible that the supplier could send the same transaction certificate to many different customers; more than could be supplied by the original amount! It is therefore essential that you receive a transaction certificate for each order of certified goods that you receive.

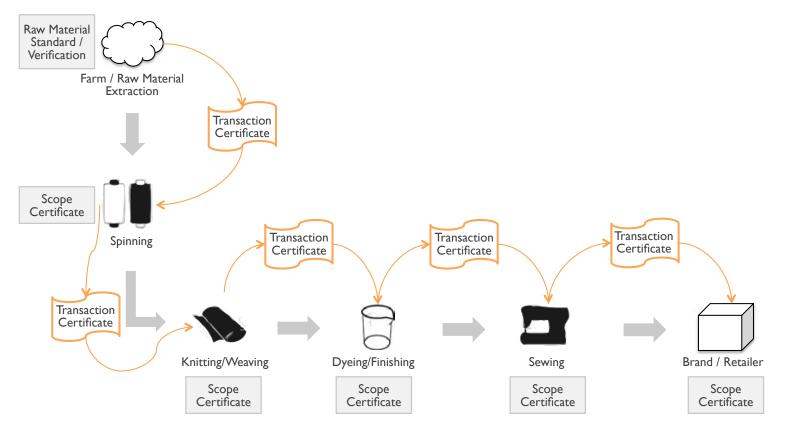
If a transaction certificate is issued from the last point of production, it means that the whole chain has been certified up to your company and that the certified products contain the claimed material and have been processed according to the specification of the given standard. Make sure the TC lists the name of your supplier and lists your company as the consignee; you should also ensure the product information matches the products you have received from the supplier.

If there is any concern about the validity of the certificate, contact the certifier and ask them to verify that they have issued it. If you are not familiar with the name of the certification body, you may want to double-check that they are licensed to the named standard. This may be done by referencing the standards' organization website, or contacting them directly.

Note that transaction certificates may not be issued until a short time after the goods have been shipped, i.e. an invoice or shipping document has been issued. Because of this, it is important to allow for a week or two before receiving them

For more information on reading transaction and scope certificates, reference "Section 4 – How to read certificates".

## 2.2 Flow of documents in the transaction certificate system



### **Section Three:**

## What are the essential steps of certification?

The roles and responsibilities involved with certification differ depending on which part of the supply chain you are in. The basic steps to follow are described separately for brands and retailers and supply chain members.

Keep in mind when you are asking a company to become certified to a standard, this will entail a reasonable cost to them (certification fees, compliance measures). Reward their efforts by giving them business. This will ultimately drive down the per-unit cost of certification, and also reward good behavior, hopefully influencing other companies to go down the same path.

## 3.1 The essential steps for brands and retailers

- Determine which claims you want to make about your company or product, and choose a standard that supports this claim. Consider your sustainability strategy and priorities, and the areas you would like to address through certification. For example, you may only want to back up the use of certain fibers such as organic, or you may want to make more of a full product claim that addresses the raw material use, as well as social and environmental considerations such as GOTS for example.
- Select a respected third-party standard based on these considerations.
   Be sure to read the standard and fully understand the requirements of the standards you have chosen.

- Inform your suppliers of your selected standards and the reasons behind the choice. They could give you insight into other standards or restrictions you might not know exist. They may also already be certified to a similar standard that meets your needs.
- Confirm with your suppliers that they can provide you with the certified product you need.
  - If your suppliers are already certified to the standard:
    - Identify which certification body they are using.
    - Verify that the certification body is accredited to the standard (you can find a list of accredited certification bodies on each standard's website).
  - If your suppliers are not yet certified to the standard:
    - Advise your suppliers to get a copy of this guide and to follow the outlined steps to become certified. You may also choose to find the list of accredited certification bodies on the standard's website and provide this list to your suppliers.
    - Support their application and certification process in any way you can. The best thing you can do is to assure them that you will give them sufficient business for the certified products to justify their efforts and investments.

- To find new certified suppliers:
  - Many standards organizations supply a list of supply chain members certified to their standards. Visit the standard's website, or contact them directly to request a list.

## Request the following documentation<sup>3</sup>

**Scope certificates (SC)** indicate that the facility has met the requirements of the standards.

- Request the SC prior to placing an order.
- Be sure that the products you will be ordering are included in the categories listed on the SC.
- Check that the SC is not out of date.
- Verify that the SC is valid by checking that the company is listed by the certification body or the standard owner. Note that website lists are only updated periodically, so if the company does not appear, contact the CB first to see if the SC has been recently issued or updated.

Transaction certificates (TC) indicate that the products listed on the certificate were produced in accordance with the standard. This will come from the last point of production or sale (for example, a sewing factory for garments, or a wholesaler).

Require that all shipments of certified products have a TC or a method of tracking from the last point of manufacture, and check the following:

- your company or your importer is named as the consignee
- the seller is accurate
- o the date is valid
- the certificate correctly identifies the goods and amounts being shipped to you
- the certificate is to the standard you requested
- the TC is issued by the certification body named on the company's Scope Certificate

If you have any doubt during this process, contact the certifying body.

 Follow the labeling laws or guidelines of the country of sale and the standards to which the products are certified. Be honest in all of your product communications.

<sup>&</sup>lt;sup>3</sup> Additional information about reading scope and transaction certificates may be found in "Section 4 – Certificates".

## 3.2 The essential steps for suppliers

- Understand your customers'
  requirements. Make sure you
  understand requests in terms of materials,
  inputs and process, or the requirements of
  the standard they have requested. It will
  be even more helpful to understand their
  reasoning by starting a conversation with
  your customer.
- Choose the standard(s) to be certified against. Your customer may not request a specific standard, but perhaps describe certain processing or fiber requirements. Choosing a standard that verifies your compliance with these requirements will add value to your product.

Otherwise, follow the requirements of the standard selected by your customers.

- Choose a certification body accredited to the selected standard(s). The list of accredited certification bodies may be found on the standards' individual websites. When more than one certification body is available, consider how close their offices are to your facility, their fee structure, and if they certify to other standards that you would consider also becoming certified to in order to reduce costs.
- Follow the certification process. as specified by the certification body.

- Follow the certification requirements of the standard(s).
- Ensure your inputs are appropriately certified that you receive TC's for each incoming shipment.
- As required, submit TC's (requested from your certifying body) for the certified product with every shipment to your customers.

### **Section Four:**

## How do you read certificates?

Scope certificates and transaction certificates are often used to establish validity and chain of custody in voluntary processing standards. These certificates are designed to ensure the integrity of the final product claims. Textile Exchange (TE) and the Global Organic Textile Standard (GOTS) have created templates for both scope certificates and transaction certificates. These templates have been included in this section; more information about the templates may be found on the TE website (www.TextileExchange.org).

#### 4.1 Sample scope certificate

[Certifier's Letterhead containing Name and Address of certifier]

#### CERTIFICATE OF COMPLIANCE

(Scope Certificate)

N° xxxxx

[Certification Bodies Name] declares that

## NAME OF CERTIFIED COMPANY Address

Addicas

has been inspected and assessed according to the

GLOBAL RECYCLE STANDARD V2.1 (GRS V2.1)

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Product categories:

[Terminology for basic product category terms as provided for in the policy, for specification prefixes and terminology following the samples of the provided excel list can be used]

Processing steps / activities carried out under responsibility of the above mentioned company (by the operations as detailed in the annex) for the certified products:

[List of processing steps/activities, terminology to be used from provided list]

This Certificate is valid until: dd / Month / yyyy

Place and Date of Issue Stamp of the issuing body Standard's Logo

[Signature]



Name of the authorised person

This certificate cannot be used as a transaction certificate.

The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed.

[Optional: A sentence that references the certificate to stipulations of the contract with the licensee and/or clauses of certifier's scope specific stipulations]

Accredited/Licensed by: [name of accreditation body], Accreditation N°: [xxxx]

[If applicable: This electronically issued document is the valid original version]

Certificate of Compliance template, page 1 of 3

#### [Certifier's Letterhead containing Name and Address of certifier]

Annex to certificate no. xxxxx / [GRS] / [Year]/[no of cert issued] [Name of certified company] GRS v2.1

#### [Optional]

In specific the certificate covers the following products:

Name of product	Material composition	Product code

Place and Date of Issue

Stamp of the issuing body

Standard's Logo



[Signature]

Name of the authorised person

Certificate of Compliance template, page 2 of 3

#### [Certifier's Letterhead containing Name and Address of certifier]

Annex to certificate no. xxxxx / [GRS] / [Year]/[no of cert issued] [Name of certified company]

GRS v2.1

Under the scope of this certificate the following facilities / subcontractors have been inspected and assessed. The listed processing steps/activities comply with the corresponding criteria of the GRS v2.1 for the certified products:

Name and address of operation	Processing steps / activities

Place and Date of Issue

Stamp of the issuing body

Standard's Logo



[Signature]

Name of the authorised person

Certificate of Compliance template, page 3 of 3  $\,$ 

### 4.2 Sample transaction certificate

## TEMPLATE TRANSACTION CERTIFICATE (TC) FOR TEXTILES PROCESSED ACCORDING TO THE GLOBAL RECYCLE STANDARD

1. Body issuing the certificate (name and address)	2a) licensing code of the certification body	
Name of CB's issuing office	[GRS]-[CB]-[no.]	
Address	2b) Reference number of the certificate  [Licensee no. of seller]-[TC no.]	
3. Seller of the product(s) (name and address)	4. Inspection body (name and address)	
Name of seller of certified product(s) Address	Name of inspection body Address	
5. Last processor of the product(s) (name and address)	6. Country of dispatch	
Name of last processor of certified product(s) Address	Country of dispatch	
7. Buyer of the product(s) (name and address)  Name of buyer of certified product(s)  Address	Consignee of the product (Address of the place of destination)  Name of Consignee Address	
	9. Country of destination	
	Country of destination	
10.Product and shipment information	11. Gross weight (kg)	
Minimum Information:	kg	
<ul> <li>Units and names of the product(s) as they app</li> <li>Label grade, if applicable ('recycled')</li> </ul>	ear on the invoice 12. Net weight (kg)	
<ul> <li>Fibre material composition of the product(s) (% by weight)</li> </ul>	of each fibre in the product kg	
<ul><li>Invoice number and date</li><li>Reference to transport document (number, dat</li></ul>	e, transport company, truck  13. Commercial weight (kg)	
no, container no)  [If more space is required:] information is continued in box 17 on page 14. Declaration of the body issuing the certificate	ge 2 of this TC	
14. Declaration of the body issuing the certificate		

This is to certify that the [fibre material name] used for the products designated above has been produced in accordance with (an) raw material standard(s) which is/are recognised by the GRS, and that the products have been processed in accordance with the GRS. Compliance with this standard is continually monitored by the inspection body named in box 4.

15. Additional declaration (if appropriate)

16. Place and date of issue Stamp of the issuing body

Logo of the Standard

Signature of the authorised person of the body detailed in box 1



Name

[If applicable: This electronically issued document is the valid original version]

Transaction certificate template, page 1 of 2

Reference Number of the certificate:

[Licensee no. of seller]/[TC no.]

17. Continuation of box 10

18. Signature of the authorised person of the body detailed in box 1

Name

Stamp of the issuing body

Logo of the Standard

Global

Recycle

Standard

## **Appendix 1:**

## **Frequently Asked Questions**

#### A note on the FAQ's:

These questions and their answers are primarily based on standards that use the transaction certificate system, unless noted otherwise. We focus on these standards because they offer the highest level of chain-of-custody integrity, which we feel is a critical element of certification.

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## Q1. What is a voluntary standard?

Answer: A voluntary standard is one that a company is not required to comply with in order to meet any legal requirements in the country of sale. It is established by an independent organization, and may cover anything from the source of the fiber, to all aspects of production, including environmental impacts, social conditions, packaging and quality. The standard will often be backed up by a logo (with labeling guidelines) that indicates it has been certified to that standard. Companies choose to be certified to voluntary standards in order to provide additional assurance for themselves and their customers

## Q2. Why would I use a voluntary standard?

Answer: There are many established and credible private labels available which consumers already recognize. These labels are backed up by voluntary processing standards that have been developed by independent, private organizations. These organizations derive their influence and credibility from the individuals and businesses that use their labels, their marketing, and their history in the marketplace. For a label to have maximum credibility, it must be certified by an independent, third party certification body (CB). The CB will offer greater credibility, no bias, and a high level of expertise in certification.

## Q3. Why would I use a chain of custody standard?

Answer: Chain of custody ensure that there is a verified chain of custody from the input material to the product, and give assurance that the fiber content claim in a product is accurate (e.g. organic or recycled). By having your product certified against a voluntary third-party content claim standard, you will have the assurance that every step in the supply chain has taken all the necessary measures to track the raw material as it moves through processing and that it has not been contaminated by other fibers. Third party certifiers also have a great deal of experience and credibility to allow you to stand behind your claims.

## Q4. How do I decide which is the best voluntary processing standard to be certified against?

Answer: Based on your sustainability strategy and priorities, identify areas you would like to address through certification as well as the claim you want to make; for example a claim on the fiber content only, or claims on the social and/or environmental impacts of production. Based on these, select a third-party standard that meets your needs, and that is recognized and respected. You can find a list of third-party standards in "Appendix 3 – Existing Standards."

## Q5. I'm a brand – how do I get my products certified to the standards I choose?

**Answer:** As a brand or retailer, you need to signal to your suppliers that products must be certified to the standard you have chosen. Be very clear about your expectations, and the suppliers will have the responsibility for delivering to your requirements. Brands may also need to be certified, especially if they receive and sell goods to other companies, and/or repackage or re-label the goods. Look for more information in "Section 3 – The essential steps of certification".

## Q6. I'm a mill – how do I get my products certified?

**Answer:** As a mill, you need to contact your chosen certification body and ask them to start the certification process. Make sure the agency you pick is accredited to the given standard. Look for more information in "Section 3 – The essential steps of certification".

# Q7. Is there a standard to prove that my product contains a specific raw material fiber but does not make any other claims?

**Answer:** A chain of custody standard would verify the content of the raw material fiber. The Content Claim Standard (CCS) is being developed to address the tracking of a raw material through to the final product, without addressing how the fiber is processed. The OE standards function in this way for organic cotton, and will eventually be adapted to address any organic fiber. We are also in the process of developing the Recycled Content Standard (RCS) which will track recycled raw material through to the finished product. These standards do not consider other claims such as processing, social or quality issues. You may already be addressing these with other standards or choose not to address them for now.

## Q8. What is the minimum certification that I need to legally label my products with organic?

Answer: The minimum certification that is needed is the farm certification (be sure that it is valid for the country where the products are being sold). However, note that you should also ensure that the organic fiber can be tracked from the certified farms, through all steps of processing, and into your final products to protect yourself from liability. This is most effectively accomplished by using a voluntary chain of custody standard.

# Q9. If I do not want to use a voluntary standard can I simply call my product 'organic'? What about 'recycled'?

**Answer:** First and foremost, you should follow the labeling guidelines of the country of sale.

You should not label products as 'organic' independently of certification to a standard, as it is hard to prove that the fiber has been farmed organically once processed through the supply chain. If you are unable to back up your claims, you might be misleading consumers by making false claims.

The same is true for 'recycled'; it will be very difficult to prove that the recycled content has maintained its identity through the supply chain without third-party certification or a strong method of verification. The best way to verify that a product contains recycled content is to use certification to an established standard.

## Q10. If I want to label my product as 'made with fiber X', to what level do I need to certify to?

Answer: Your first priority is to meet the legal requirements of the countries in which you are selling. To date, these all apply to truth in labeling or advertising claims. In order to do this, you will first need to be able to prove that the identity of the raw fiber in the product and it has maintained its identity separately from other fibers along the production chain. For the list of country specific farm standards, find Table I in "Appendix 3 – Existing Standards".

If you are using a third party standard, you must label according to the rules set out in that particular standard.

The best way to protect your company is to be assured that your production partners can track the specific fiber they buy and sell, and can back up all their claims with proper documentation. This can be done through voluntary processing standards.

Note for organic products: The raw fiber must be certified to an organic farming standard and grown to the accepted organic standard for the country of sale.

Note for organic products to be sold in the US:We no longer encourage the use of "made with" in connection with organic fiber for products sold in the United States unless the products are certified to the Global Organic Textile Standard, as the USDA NOP has requested to use the term 'contains'.

## Q11. How long is certification valid?

**Answer:** The inspection cycle for most standards is 12 months, however the period of certificate validity can be up to 16 months; each certification body will set its own timelines. The reason for the variation is that, in the case of a minor nonconformity, a company can have up to 2 months to make the needed correction and have it checked by the certification body. To give the auditor and the client the chance to find a suitable date, there is an extra window of two months. Note that it is still expected that re-inspections occur every 12 months, but the additional 4 months is to allow the company to retain its certification and continued to sell certified goods.

In the event of major non-conformities, certification will be suspended or revoked.

## 12. How essential is the transaction certificate?

**Answer:** The transaction certificate provides verification that the specific product shipment (indicated on the certificate) is certified to the standard. The TC is an essential part of ensuring the chain of custody in the certification process, and is key to the verification that the products you have received are actually certified to the standard.

# Q13. Is having a garment transaction certificate enough document proof to make your claim on your product?

**Answer:** As long as all the information on the transaction certificate from the garment maker (who can also provide a scope certificate) matches your shipment order, you are allowed to make claims in line with the specifications of the standard. Indeed, this transaction certificate can be issued only if the whole production chain has been certified to the given standard, and hence provides the necessary level of assurance. See "Section 4 – How to read certificates" to review the steps needed to verify the validity of the transaction certificates.

## Q14. Is there a tracking system to ensure the authenticity of the final product?

Answer: The system of scope certificates and transaction certificates is designed to provide that assurance of authenticity through the supply chain. In addition, some certification bodies have their own web-based tracking system in place, but these have limitations on how far the tracking can go back along the supply chain.

# Q15. Can TE influence the certification bodies on the fees (certification and transaction certificate) being charged?

**Answer:** The price structure of certification fees are not relegated by standard-setting organizations. Fees are set by the certification bodies themselves and are made available on their websites or by direct request to the certifiers. We realize this is a common area for confusion; look for more information in "Section 5 – The costs of certification"

## Q16. What are the ways TE is trying to ensure that any challenges with certification are minimized?

**Answer:** Because Textile Exchange is a non-profit we're able to work as a neutral party in the process of certification. Our conferences, seminars, and resources provide an opportunity for the stakeholders in the industry to come together and begin to address the needs of the industry and how certification can work to best fit in with those needs.

Technical Questions, these questions may be most relevant to companies and suppliers who already have third-party certification

# Q17. What efforts are being made to promote these standards to the public? I don't see any major brands using the OE or GOTS label. Why not?

Answer: We promote our standards through our training and education activities such as webinars, seminar, lectures at tradeshows, etc. We try to provide as much information on these standards as we can and focus most of our efforts on training businesses rather than consumers. This way, we're actively looking to increase the number of companies that are being certified to third-party standards, and ultimately the number of products available. We also recognize the need for consumer education, and will put efforts into this as resources allow.

# Q18. Do retailers that import goods (certified products) need to be certified? What about brands/retailers?

**Answer:** No: if the retailer is only selling directly to end consumers, and not to other shops, certification is not required. However, if there is a brand/retailer that sells to other retailers, or if they are re-packaging or relabeling the goods, they would need to be certified to the standard in order to label goods as certified to the standard.

## Q19. Do importers dealing with certified products need to be certified and pay a fee?

**Answer:** As an importer you are not required to pay a fee unless you get certified yourself. You are required to be certified if you will be re-packaging the goods in any way, applying the standards logo yourself, or selling the products to companies other than your own.

## Q20. How do you define a site when considering the license and certification fees?

**Answer:** A site is considered a physical address, even if there are multiple operations happening at that location.

# Q21. If two separate companies are located at the same address, do they each have to hold their own certification?

**Answer:** If two separate companies are located at the same address each would have to be certified.

## Q22. May a company be certified to the same standard by more than one certifying body?

**Answer:** Allowing the same goods to be certified by different certification bodies (CBs) would open up the opportunity for potential fraud. This is not encouraged, but it is allowed as there may be particular reasons where it is necessary. Note that while it is crucial for the entire supply chain of a product to be certified to the same standard, each step in the supply chain are not required to be certified by the same CB.

## Q23. Do traders, exporters and importers all need to be certified to the voluntary processing standards?

**Answer:** It is important to carefully review the standards to which you are seeking certification before proceeding in this area. Some situations differ by standard.

For voluntary processing standards, certification is required to the last point of production or sale to the brand or retailer that is selling to end-consumers.

Note that in all cases, the details of the shipment (description and quantities of goods) must be the same on the transaction certificate as on the shipping document from the last point of production or sale.

Note: GOTS 3.0 defines that all traders that sell certified and labelled GOTS textiles with more than € 5000 turnover per year to other businesses (B2B traders) must be separately certified. Only B2C sellers are exempt from the certification obligation.

# Q24. Are certification bodies required to mention the non-inspected sub-contracted sites (i.e. those defined as non-core operations) on the certificate?

**Answer:** It is mandatory to list subcontracted factories on scope certificates; however this information will be put on a separate page, and may be held as confidential information to all but the certification bodies. Therefore, it is required that companies being certified inform the certification body of all their sub-contractors that are working on certified goods. The sub-contracted units must be clearly identified, must have a contract with the contracting licensee (site responsible for their compliance with these standards) and may be subject to inspection at the certifier's discretion (and at the contracting licensee's expense). The licensee of the final product is responsible for exercising due diligence in ensuring the integrity of his processing chain

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## Q25. Can a core operation that is sub-contracted be inspected as part of the contracting unit's certification?

**Answer:** Sub-contracted core processing operations include ginning, spinning, knitting or weaving and all must be inspected and certified. The sub-contracted unit can be inspected and certified independently from the contracting unit, or it can be inspected and certified as a part of the contracting operation's certification.

If the sub-contractor is certified as part of the contracting operation's certification, the sub-contractor cannot advertise itself as certified, and they would be certified for only those products which are for that contracting unit and not work done for other clients.

### Q26. Can sewing be a subcontracted operation, and therefore exempt from inspection?

Answer: As long as the sewing factory does not take ownership of the goods, and the goods can be tracked through the mandatory documentation, then it is not a requirement to have the sub-contracted sewing factory certified. However, the certification body will check that the cutting records are available through the owner of the goods and that the product flow is fully traceable there. The certification body still has the right to require an inspection if they feel it is needed to fully verify all parts of the chain.

### Q27. Can dyeing be a subcontracted operation, and therefore exempt from inspection?

**Answer:** For chain of custody standards, although a product sent to a dye house under a sub-contracting arrangement falls under the same guidelines as all other sub-contracted processes, it is strongly recommended that certification bodies do at least one initial inspection of a sub-contracted dye house to fully understand the processes being used, and the way that the documentation of product flow is being handled. This is especially relevant for organic cotton certification.

The reasoning behind this is that there is the potential for issues down the line: if any contaminates were to be found in the final product, it would be very difficult to determine the source of any cheating or inadvertent contamination. It would be much easier to rule out the dye house up front, just as the spinners, knitters and weavers (all core operations) should prevent fiber flying.

Note that for full product standards, such as GOTS and GRS, all sub-contracted units must be inspected, as the products represent social and environmental claims on how they were produced.

### **Appendix 2:**

### **Terms and Definitions**

**Audits:** An inspection or examination by certification bodies of facilities and/ or documents to verify compliance to the requirements of a given standard. Audits may be scheduled or random.

**Blend:** Any combination of two or more types of raw material types in a product. e.g. a fabric may be made of 50% organic cotton/30% conventional cotton/20% polyester.

**Certificate:** A document issued by certification body confirming compliance to the given standard; there are different types of certificates depending on which standard you're being certified to. See **transaction certificate** and **scope certificate**.

**Certification:** Refers to the issuing of written assurance (the certificate) by an independent external body that it has audited a management system and verified that it conforms to the requirements specified in the standard<sup>4</sup>. When Textile Exchange uses the word certification, we are always implying third-party verification to a standard.

**Certification Body:** An accredited third party body that certifies or confirms that the conditions of the given standard have been met.

**Certifier:** The individual working for the authorized certification body who reviews the results of the inspection and makes the final certification decision. Note that the certifier will be a different person than the inspector, and it some organizations the certification decisions will be made by a committee.

**Certified grower:** A farmer who produces fiber in fields or farming operations that have been certified by accredited certifiers as following the requirements of a given standard.

Chain of Custody: A system to document and guarantee the path taken by a defined raw material through all stages of transfer and production, to the final product. The chain of custody preserves the identity of the raw material. This can be done through a system of scope certificates and transaction certificates that follow the product through each stage, or a system that manages the flow of goods through data collection at each stage of the supply chain.

**Claim:** An oral, written, implied, representation, statement, advertising or other form of communication that is presented to the public or buyer.

**Commingling:** Physical contact between certified and non-certified materials during production, processing, transportation, storage or handling.

<sup>&</sup>lt;sup>4</sup> From the International Standards Organization.

**Content:** Type and proportion of a material in a product.

**Inputs:** All substances and materials used in the production of textiles.

Inspections: See audits.

**Inspector:** The representative of the certification body that physically visits the site being certified to review documents and view operations.

**Integrity:** Making truthful claims; integrity is essential in maintaining the trust of farmers, processors, sellers and consumers, and in ensuring that the targeted social and environmental benefits are actually achieved.

**Label:** Descriptive, informative or pictorial material on or accompanying a product or its immediate container.

#### Mass Balance Calculations: A

calculation of the total amount of fiber inputs a company receives, and the total amount it shipped out (taking into consideration the gain or loss during production, as well as inventory levels). This information is captured on transaction certificates of companies being certified; this allows the certifier to verify the percentages of fiber in the final product and ensure the site is not sending out more product than they could possibly produce in accordance with a standard.

**Non-compliance:** Lack of conformity with a standard.

## Organic Fiber (or "organically grown fiber"):

Fiber grown without the use of toxic and persistent pesticides or fertilizers, sewage sludge, irradiation or genetic engineering, and certified by an accredited independent organization.

**Organic-in-Conversion:** Fiber grown organically before receiving organic certification between two and three years (organic standards normally require 2-3 years of growing organically before the certification is issued).

Pre-consumer recycled material: Material captured from the waste stream before it has reached the consumer. An example of pre-consumer material that may be recycled is cutting room floor waste. Pre-consumer recycled material is sometimes referred to as post-industrial recycled material.

### **Post-consumer recycled**

**material:** Material captured from the waste stream after being used by a consumer. Examples of post-consumer materials that may be recycled are used t-shirts, plastic drinking bottles, etc.

**Records:** The information in written, visual, or electronic form that documents the activities undertaken by a user to demonstrate accordance with a standard.

**Recycled:** Material that would have, under normal industry practices, entered the waste stream and that is processed into a new product. Textile Exchange recognizes both pre- and post-consumer recycled material. Pre-industrial waste is not considered a valid recycled input.

**Scope Certificate:** A certificate issued by the certifier showing that a specific facility has been certified as conforming to a specific standard.

**Standard:** A norm setting out conditions for the farming and/or processing of a product.

Raw Material Standards typically cover agricultural production or raw material extraction and often involve addressing environmental or social issues in production or use of the raw fiber. These can be mandatory if making a qualified claim on a product.

Processing Standards cover the processing and flow of goods from the original input to final product; they may address environmental or social issues in the processing of the final product, or may simply address chain of custody.

**Mandatory Standards** must be complied with in order to meet any legal requirements in the country of sale.

**Voluntary Standards** are standards that a company is not required to comply with in order to meet any legal requirements in the country of sale, but may choose to use for other reasons.

**Sub-contractor:** An individual or company that is hired by the producer or handler to perform services. Note that the sub-contractor will not take ownership of the goods being processed.

**Supply Chain:** The progression of business entities involved in the supply and purchase of materials, goods or services from raw materials to the final textile product.

**Trader:** The individual or organization that takes ownership of products (for the sake of buying and selling) between the supplier and purchaser of the products (eg: between the sewing factory and the retailer). Traders do not necessarily take physical possession of the goods.

**Traceability:** The ability to trace the history, application or location of a given material. Note that in general tracing refers to going backward through time and the supply chain, while tracking refers to moving forward through time and the supply chain.

#### Transaction certificate: A

certificate supplied by the certification body, confirming that the traded product has been produced in accordance with a specific standard. The quantity, certification body and standard will all be identified. Transaction certificates are issued when goods are changing ownership.

**Transparency:** Disclosure relating to the operations, inputs, and materials used in the production of a final product.

**Site:** The facility in which a specific operation is taking place: gin, spinning mill, knitting or weaving mill, dyeing and finishing unit, and sewing factory. The site may also be referred to as a production unit.

**Verification:** A system of ensuring that product claims are true and accurate. Verification may take many forms, testing, self-reporting, or certification. See also, certification. When Textile Exchange uses the word verification, we do not mean to imply certification, which is third party verification to recognized standards.

## **The Essential Series**

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The complete Certification Toolkit is available as a benefit at no extra charge for members of Textile Exchange or may be purchased by non-members for \$250.

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Textile Exchange is a non-profit organization. We envision a global textile industry that restores the environment and enhances lives. We inspire and equip people to accelerate sustainable practices in the textile value chain. Our work is unique in that we focus on the entire value chain, from production, through manufacturing, to retail.

The **Industry Integrity platform** at Textile Exchange aims to ensure that all of the work that is done towards sustainability in the textile industry is genuine and leads to real and meaningful change. We work through tool development, education, information sharing and collaboration.