

Policy and Template for issuing Transaction Certificates (TCs)

Objective

This policy provides for mandatory instructions and notes to be followed by approved Certification Bodies (CBs) to issue TCs in accordance with the Global Organic Textile Standard (GOTS) and/or any standard that belongs to Textile Exchange (TE). Both standard setters (Global Standard gGmbH (GS) and Textile Exchange) implement this mandatory policy in their procedures. The purpose of this policy and the corresponding templates is to unify policies, layout, format and text among the different certification bodies (CBs) and standards in order to enable an easy and practical handling and verification for all users of TCs.

The policy is to be followed and the corresponding template to be used for all TCs issued after **01 April 2017**.

Original Document

Each CB should declare to the respective standard setter if their original document is a paper version or a digital version or if both options are used. If the original is a digital version, the following sentence should be added at the bottom of the certificate: "This electronically issued document is the valid original version". The CB should further declare which (unique) security features are used for the original version of the TC (e.g. letterhead and paper layout, watermark etc.). Digital versions should be prepared in secure pdf mode. The CB should also provide the contact details (and features, if applicable) for immediately verifying authenticity of the TCs. The standard setter makes this information available to the whole group of approved CBs. It is acceptable for original documents to be either paper or digital versions. Digital versions are encouraged to promote efficiency within the certification process and may save on costs.

Multiple Shipments on a TC

- a. It is permitted to issue a single TC that covers the information of multiple shipments as long as the following conditions are met: The CB must give permission in writing to the seller to use a single TC for the agreed number and/or time period (either for the individual case or as a procedural rule).
- b. The seller must notify the buyer of the time period for which the TC will be open, giving the buyer sufficient time to respond if any change is required. At any time, the buyer has the right to require a shorter time period or a TC for each shipment and to receive written proof that the seller's CB has given permission for multiple shipments against their TC's.

Guidance: The buyer should discuss with his own CB: for example, the buyer may purchase inputs (intermediates) from a company that is supplying on an open TC, use these inputs to produce their own goods, then sell them before the inputs' TC is closed: the CB may not be willing to issue the TC for the buyer's goods being sold without first having confirmation of the certification of the

incoming goods. The CB may also require written confirmation that the multiple shipment practice was agreed to by the CB of the seller.

- c. All shipments must be sent from the same seller at the same location (box 3) and must be produced by the same last processor of the products (box 5).
- d. All shipments must be sold to the same buyer (box 7). Where multiple shipments covered on a single TC are sent to different consignees / places of destination the TC must clearly link the details (products, amounts) of each shipment to the corresponding consignee / place of destination. In this context the information requested in box 8 and 9 can be provided in box 10 and 17, respectively. The text to be used in box 8 and 9 then is "see box 10" and "see box 17" respectively.
- e. The maximum number of shipments against a single TC is 100.
- f. The maximum time period that a single TC can cover is 3 months.

Guidance: The decision of a time period requires a balancing of costs and risks. While using a single TC for multiple shipments should reduce the yearly cost of TC's, it does mean that there will be periods of time during which goods being sold have not yet been verified by a CB. This will be of concern to the buyers of the product. While a time period of 3 months may be reasonable in some situations, it is assumed that a more realistic timeframe would be closer to 1 month in most cases.

- g. Note that a TC may not be open past the end of the validity of the seller's actual certification (the validity of certification is mentioned on the scope certificate).

Exclusion for Certified Retailers

The obligation for certified retailers to receive and maintain transaction certificates is not valid for shipments of final certified goods provided that the labelling of such goods contains the license number of the supplier / manufacturer and not of the retailer.

Exclusion for Wholly Owned Subsidiaries

Some organizations have, for internal purposes, subsidiary companies that legally own the goods, while only the parent company holds a valid scope certificate. In such cases, the obligation to receive, maintain [and provide] transaction certificates may be exempt for wholly-owned subsidiaries.

Instead, a single transaction certificate shall be received by or issued respectively from the parent company, regardless of intermediate ownership of the goods by its wholly owned subsidiaries. and regardless of which wholly owned subsidiary is the legal buyer or seller. The subsidiary(ies) must be named in Box 7 & 8 of the Transaction Certificate. The parent company must document all ownership changes in the flow of goods, which documentation must be verified by the certifier.



This exclusion is not applicable if the goods are repacked, relabelled or processed by or on behalf of the subsidiary companies mentioned.

Template

The standard setters (GS and TE) provide for an individual TC template for each standard. Further a 'neutral' template will be provided so that CB's can fill in combinations of standard (e.g.: OCS and GRS).

In the following, instructions and notes regarding the content of the TC and its boxes are provided.

1st page

Title

The document is called 'Transaction Certificate'. Synonyms (such as product certificate, export certificate or certificate of inspection) are not used.

The standards according to which the TC is issued are to be named as following:

- Global Organic Textile Standard (GOTS)
- Organic Content Standard (OCS)
- Content Claim Standard (CCS)
- Global Recycle Standard (GRS)
- Recycled Content Standard (RCS)
- Responsible Down Standard (RDS)
- Responsible Wool Standard (RWS)

A TC can be issued for more than one standard if all products listed are certified to them. If individual products listed are certified to different standards a separate TC for each standard must be issued.

Box 1

Name and address of the CB's office that issues the TC.

Box 2

2a – The CB's licensing code is assigned and provided by the standard setter. It consists of the short form of standard and the CB's name and a running number generated in chronological order of the CB's approval to the standard (e.g. GOTS-IMO-01, GOTS-SACL-02 etc.; OCS-CUC-01, OCS-IMO-02 etc.)

2b – The certificate's reference number consists of two components:

- First component is the license (or contract) number of the seller (as detailed in box 3). This license number should be the same used on the certificate of conformity (scope certificate) for the licensee (and in GOTS system e.g. as ref.no. in the public data base).



- Second component is to be generated as a unique number by the CB identifying each individual TC.

Box 3

Name of seller of the certified products and address.

- The seller can be the main location of the licensee, which is listed on page 1 of Certificate of Compliance (Scope Certificate), or one of its own facilities.
- A subcontracted unit cannot be the seller of the products.
- In case of exclusion for wholly owned subsidiaries of a brand or retailer, the name and address of the parent company must accompany the subsidiary name, with additional information carried in Boxes 7 & 8.

Box 4

Name of inspection body responsible for the listed certified products and its address. The inspection body may be different from the CB that issues the TC (e.g. another office of the CB or a subcontracted body).

Box 5

Name of the last processor of certified product(s) and address. This information is not mandatory. It can be left blank on request of the seller (e.g. if the seller does not want to disclose the name of its (sub-contracted) processor).

Box 6

Country from which the certified products are shipped.

Box 7

Name of the buyer of the certified products and address.

Box 8

Name of Consignee and Address where the certified products are shipped to (this may be a processor or a warehouse). If there are multiple consignees, these are to be detailed in Box 18.

Box 9

Country to which the certified products are shipped to (= country where the consignee of box 8 is located). If there are multiple consignees, their destination countries are to be detailed in this box.

Box 10

Provide detailed information to clearly identify the certified products for each shipment (or refer to the official invoice / transport documents where the information can be found).

Minimum Information:

- Units and names of the products as they appear on the invoice
- Label grade, if applicable (e.g. for GOTS: 'organic (in conversion)' or 'made with organic (in conversion)', for OCS: OCS or OCS Blended)
- Fibre material composition of the product(s) (% of each fibre in the product by weight)
- Gross and net weight of products of each shipment in kg (only required, if the TC covers multiple shipments)
- Invoice number and date
- Transport document number and date

If space is not sufficient to get all information of the TC on one page, box 10 can be continued on page 2. In this case a statement must be added in box 10 saying "Information is continued in box 17 on page 2 of this TC"

Note: Especially for multiple shipment TCs the amount of the above mentioned minimum information could be huge. If (part of) the information can clearly be found on the corresponding invoices / transport documents, it is not considered compulsory to copy all this information in box 10/17 but acceptable to refer to the invoices / transport documents – by providing invoice and transport number and date – where the information can be found. Prerequisite for using this option is that the referenced products are clearly identified as certified on the corresponding invoices / transport documents and that it is acceptable and workable for the seller, buyer, and certifiers involved.

Box 11

Total weight of products covered by the TC plus packaging in kg.

Box 12

Total weight of products covered by the TC without packaging in kg.

Box 13

Commercial Weight of products in kg – optional information.

Fibres where moisture content may vary significantly (especially wool) are commonly traded in a commercial weight that calculates the fibres weight in a defined conditioned status. Moisture gain or loss may also be an issue for other fibres, especially if stored in unconditioned status with humidity variations (dry season – rainy season) between purchase and sale. Referencing the commercial weight eliminates such moisture gain or loss in weight calculation.

Box 14

The declaration as prescribed on the template is to be used.

Box 15

For GOTS and/or OCS this box is to be used to declare the following:



- that all of the organic fibres used meet the certification requirement of a specific country to refer to them as organic. The following declaration must be provided for any TC issued: “Certification of the organic fibres used for the products listed complies with USDA NOP rules yes no”. For TCs issued to buyers in other countries where the organic fibre production and certification must be based on a specific organic farming standard (e.g. in Canada, China, Brazil) before textile products can be advertised and sold with an ‘organic’ reference (to the fibres used), compliance with this legal requirement must be mentioned by adding equivalent declarations.
- the fact that the products listed meet specific legal labelling requirements of a country (e.g. relevant for the US: “the GOTS certification and corresponding labelling of the listed products complies with the requirements of the USDA NOP policy dated 20th May 2011 for products that are labelled as “organic” or “made with organic”)

Box 16

Contains date and place of issue, signature of the authorised person of the CB detailed in box 1, name of this person, stamp of the CB in colour, and logo of the standard in colour.

2nd Page

The second page starts with the repeat of the reference number of the TC as provided for in box 2b.

Box 17

Title: Annex to Box 10. The information on the certified products and the shipment as detailed in the description to box 10 are continued in this box.

Box 18

This box may contain additional information required to be provided under Box 8 with appropriate identification.

Box 19

This box should contain the declaration: “This transaction certificate does not entitle the buyer / consignee of the goods to use the GOTS or logo without express written approval from certifiers under reference to the GOTS "Licensing and Labelling Guide".

Box 20

Box 20 repeats signature of the authorised person, name of this person, stamp of the CB and logo of the standard as detailed in the description to box 16.



Footer

The footer should contain the wording “Transaction Certificate, page [no of page] / [total no of pages]”

Issued by

The Global Organic Textile Standard

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The GOTS Policy and Template for issuing Transaction Certificates is harmonised with that of Textile Exchange

