

Global Organic Textile Standard (GOTS)

The Business Case for Sustainability

Linking Sustainability based Textile Standards to competitive strategies using the example of GOTS



GOTS Regional Round Table
Mt. Pleasant / Charleston, SC, 27 Feb 2018

Claudia Kersten
Managing Director

Content

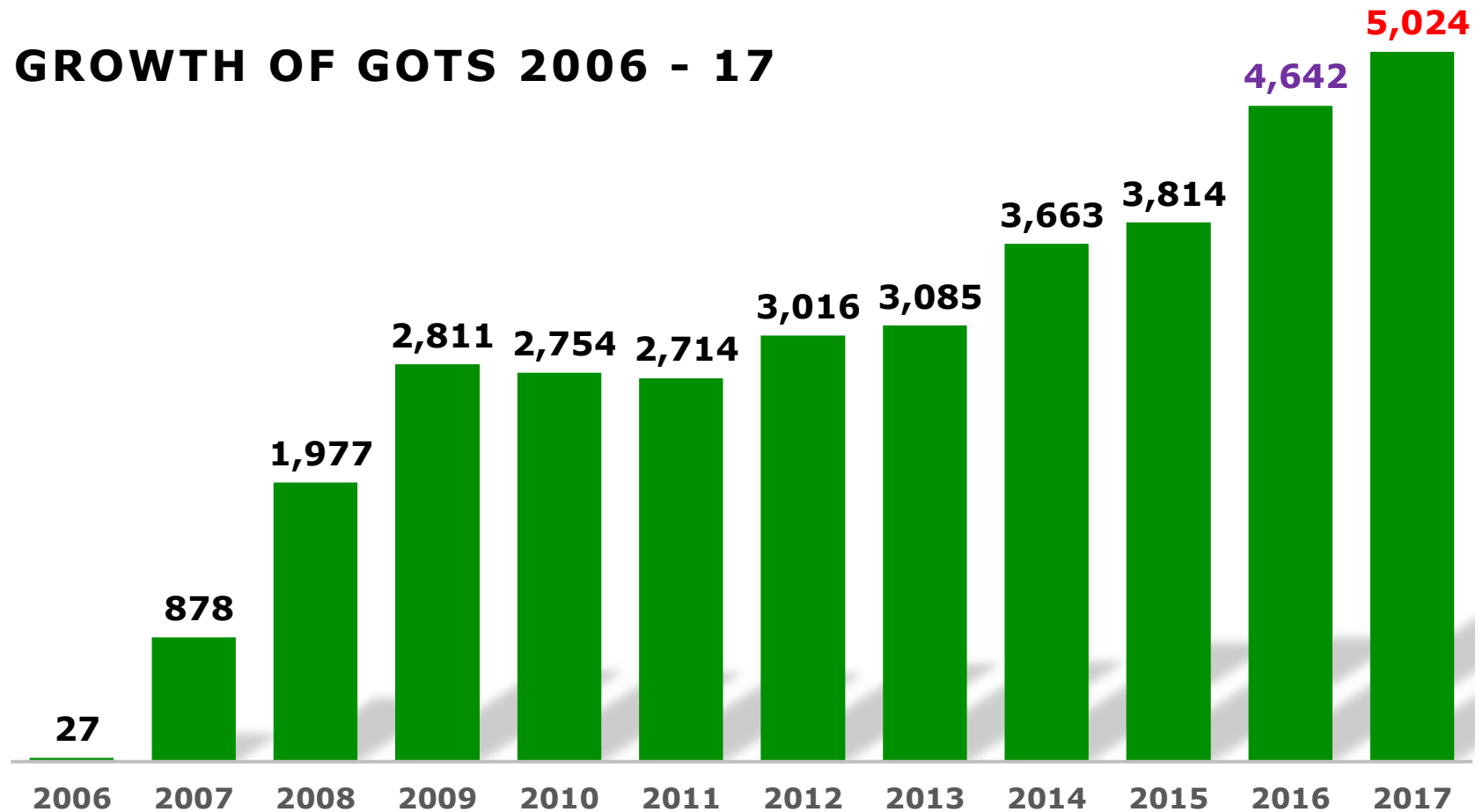


1. Some statistics
2. The business case for sustainability - competitive advantages through sustainability
3. Overlap of sustainability related competitive strategies and standards

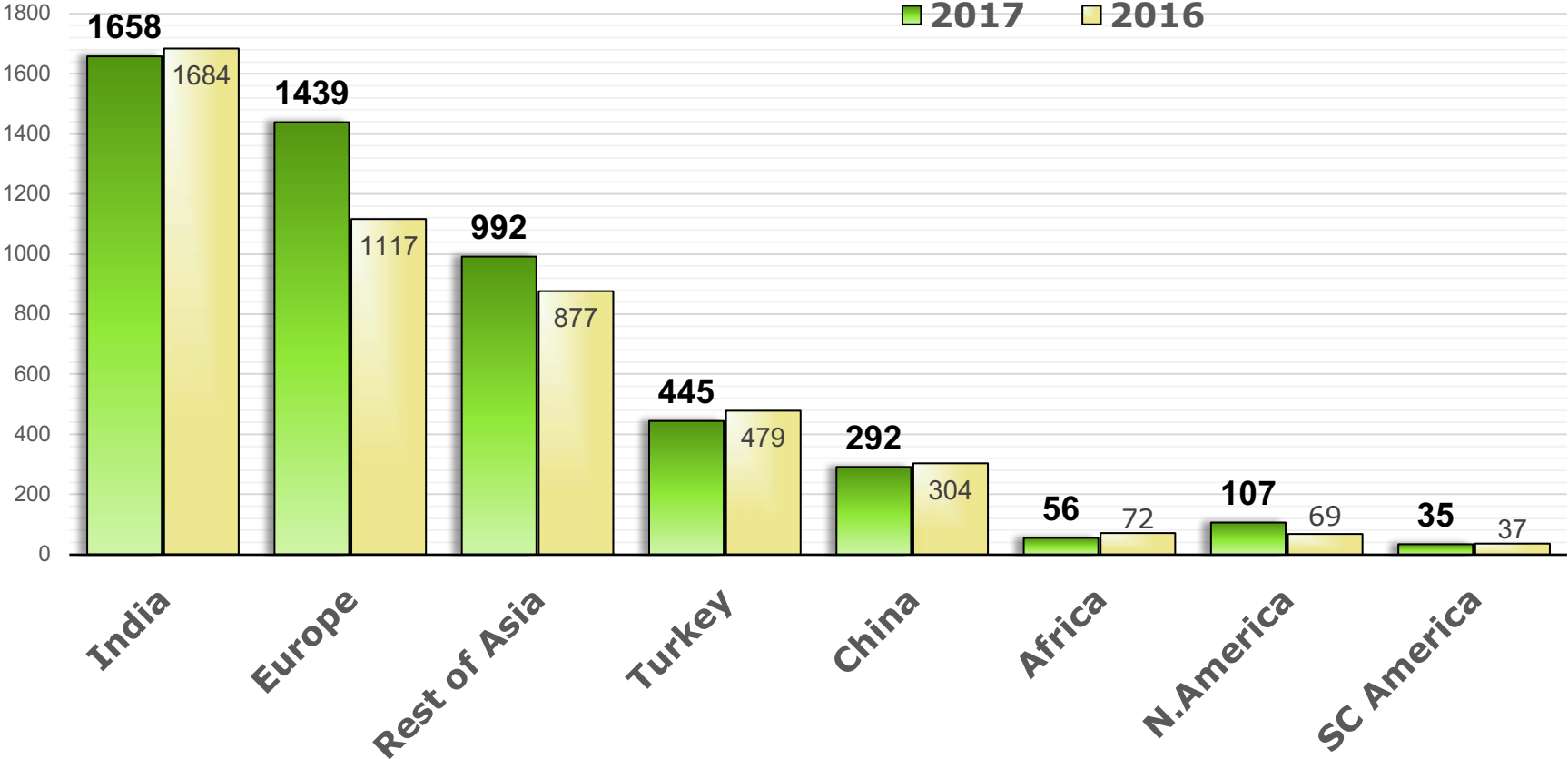
8.2% increase in Facilities from last year



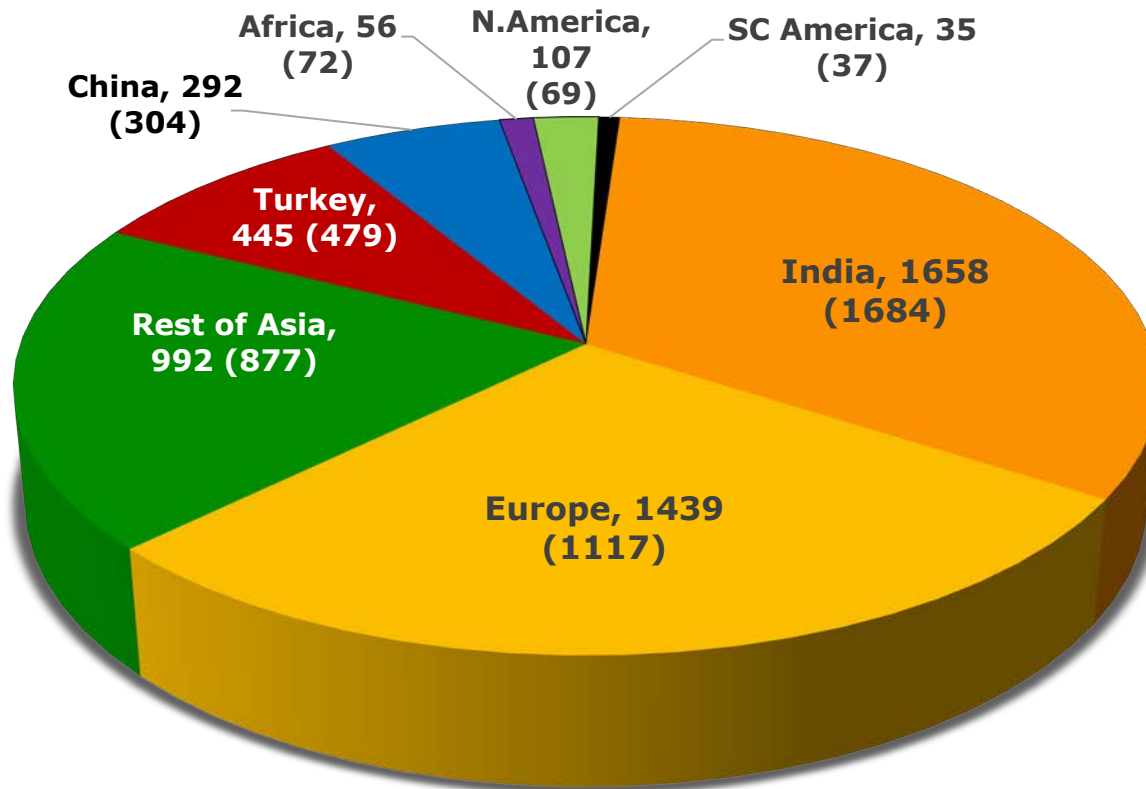
GROWTH OF GOTS 2006 - 17



Regional Growth 2017



Facilities in Regions 2017 (2016)



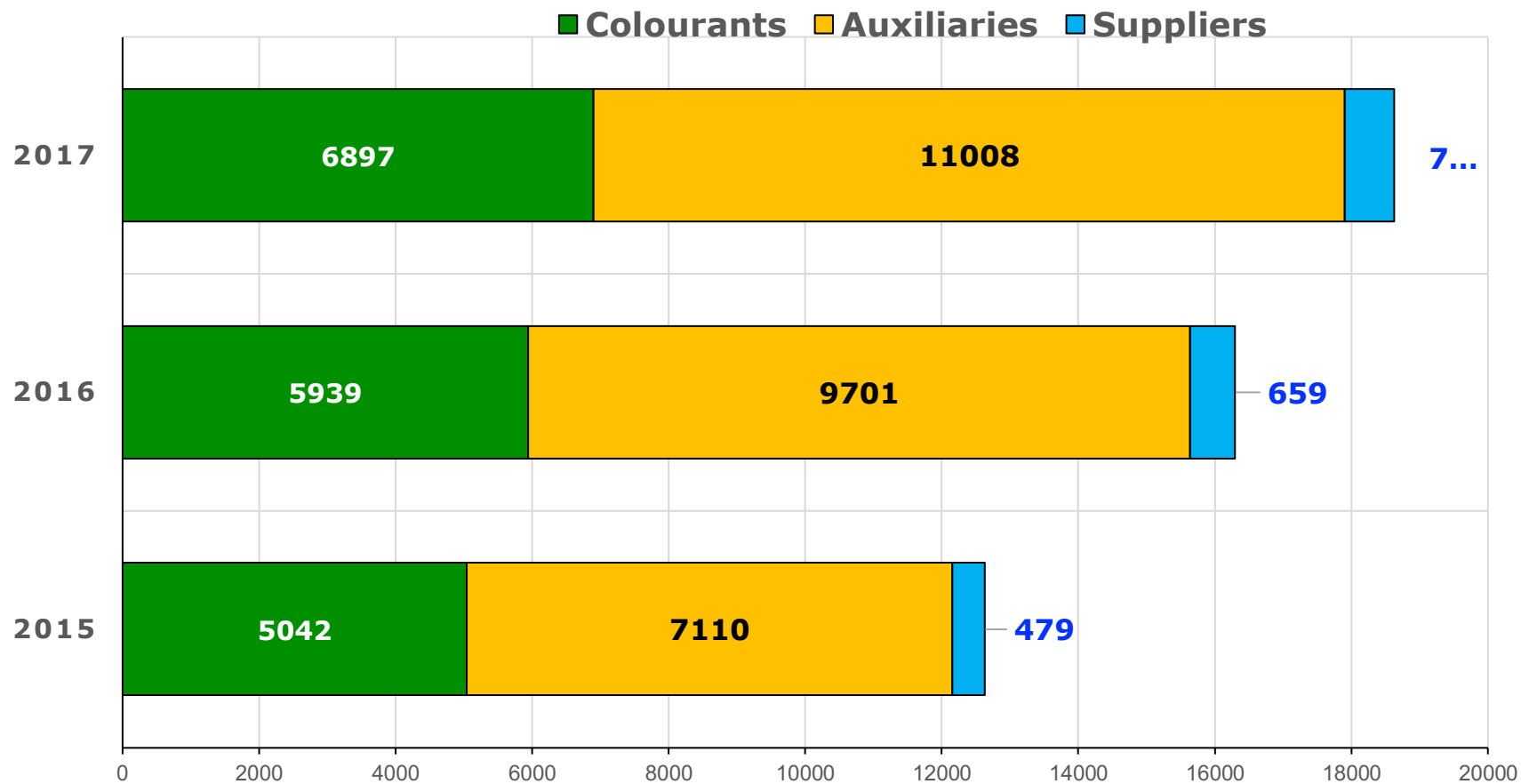
Largest increases :

- **N. America : 55%**
- **Europe : 29%**
- **Rest of Asia : 13%**

Reductions :

- **Africa : 22%**
- **Turkey : 7%**

Approved Chemical Inputs 14% increase



GOTS Promotion – Spots 2017



- **7 GOTS Representatives (China, Bangladesh/India, Germany/Austria/Switzerland, India, Japan, Turkey, UK, USA)**
- **GOTS Annual Press Release + other Press Releases**
- **GOTS Preconference to OWC**
- **Regional Round Tables**
- **Partnerships with leading Trade Fairs (Messe Frankfurt: China, Germany, France, Messe München, Biofach India+Japan...)**
- **German Textile Partnership**
- **GOTS Newsletter**
- **New GOTS Factsheet Labelling**
- **New Simple Show Film Language Version Turkish**
- **GOTS Database Smartphone conformity**
- **QR Code on Database Entry**

GOTS Promotion – Spots 2017



Condensed list of additional events the management visited/contributed to:

- **Suedwind Conference, New Delhi, February 2017**
- **11 April, GOTS presentation to Colourtex, India**
- **17-18 April : Waste Management Conference, Mumbai.**
- **27-28 June : Global Sustainability Standards Conference, Zurich**
- **20 July : APEDA / ISOT Stakeholders Meeting, New Delhi**
- **25-27 September : T4SD Forum 2017, Geneva**
- **9-12 October : Textile Exchange Conference and Round Tables, Washington**
- **10 November : APEDA / ISOT Second Stakeholders Meeting, Gurgaon**

GOTS Promotion – Piwik Website



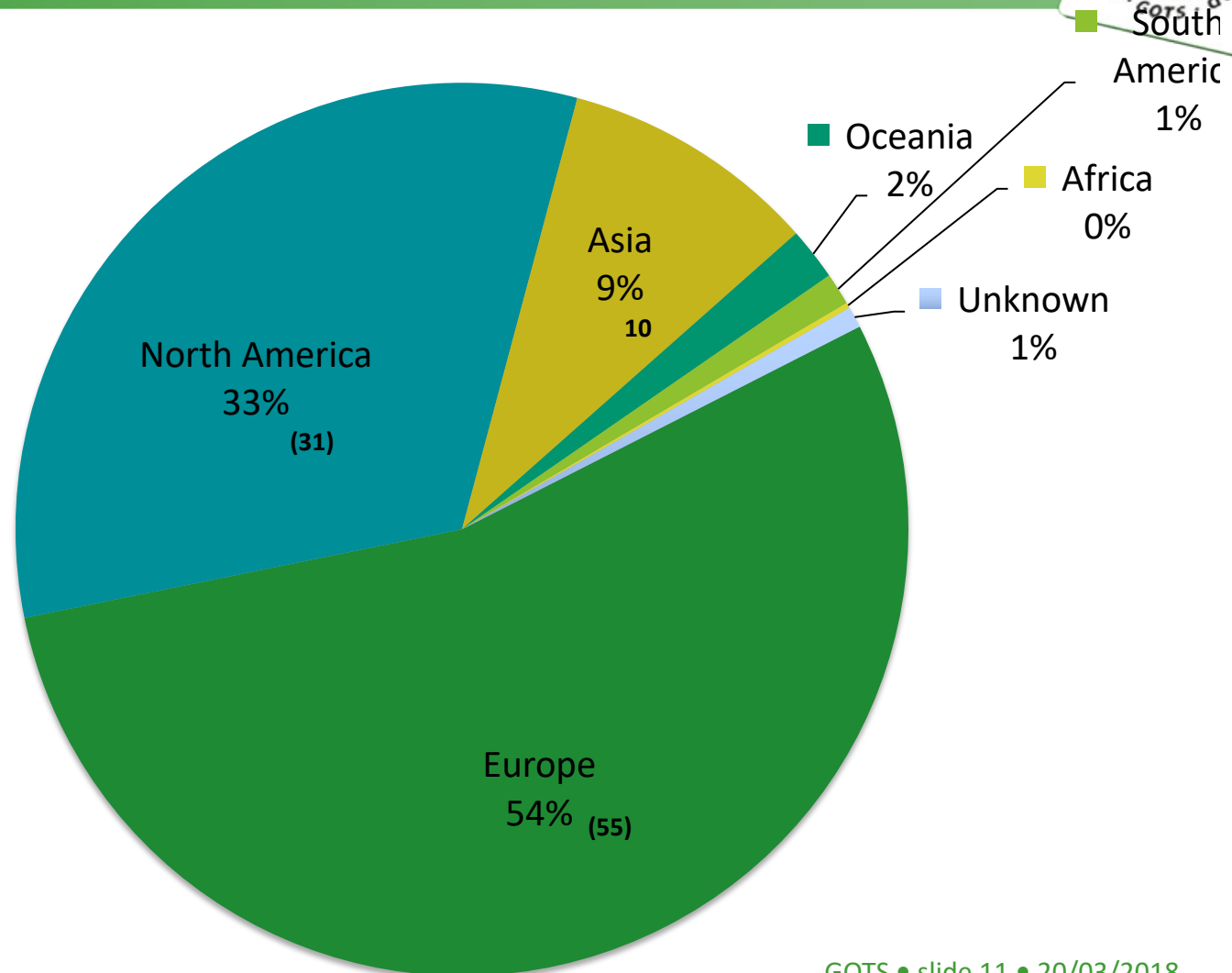
- 243.518 (225.085) from 155(150) countries
- 1.082.650 (985.123) page views
- 363.171 (301.503) page views on GOTS Database
- 36.137 (28.095) Downloads

GOTS Promotion – Piwik Website



Country	Visits 17	Visits 16	+/-
Germany, Austria, CH	53890	53097	1,49%
United States	73604	67591	8,90%
France	10791	10273	5,04%
India	6409	7256	-11,67%
Sweden	7361	7747	-4,98%
United Kingdom	10889	8297	31,24%
Spain	8625	6727	28,21%
Netherlands	6070	5619	8,03%
Denmark	5372	5272	1,90%
Italy	5801	4507	28,71%
Turkey	6512	5428	19,97%
Australia	3826	3624	5,57%
China	5505	3575	53,99%
Portugal	3899	2667	46,19%
Russian Federation	1584	2326	-31,90%
Japan	2060	1985	3,78%

GOTS Promotion – Piwik Website Spreading of visitors per continent 2017



GOTS Promotion – Logolution



1



2



3



6



7



8



11



12



13



4



5



9



10



14



15



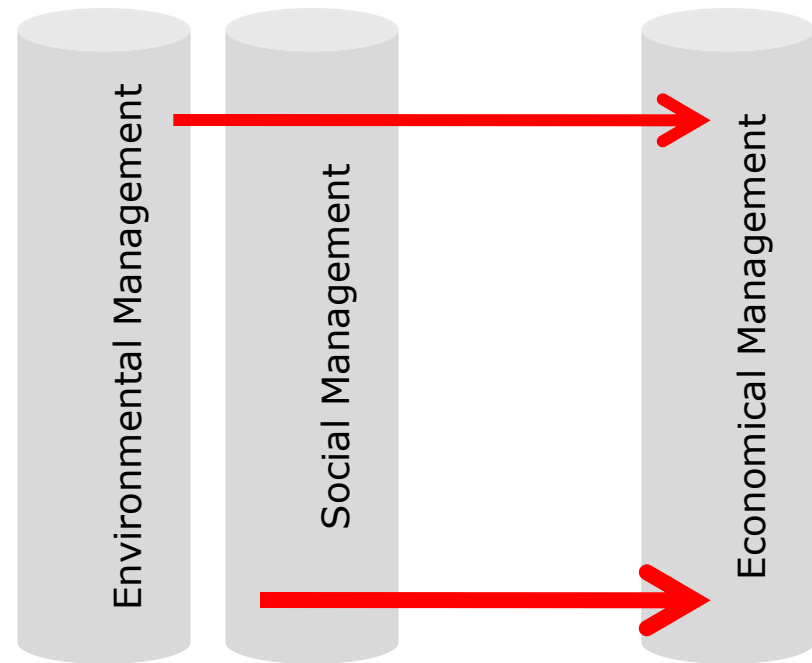
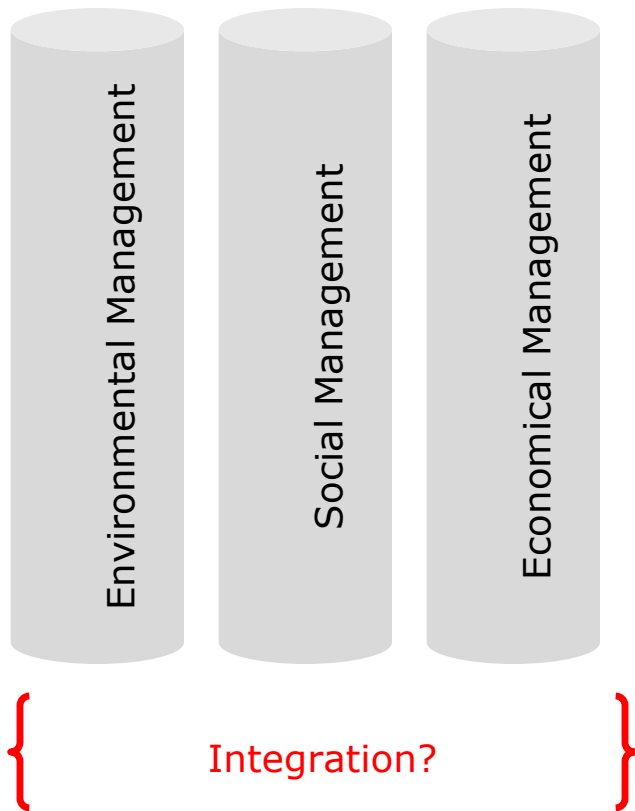
“...the relaunch of a logo should only lead to a change or modernization in such a way that the viewer immediately recognizes the logo as such, without knowing the change...”



**...the winner was not
voted first by all
but it was the only one
which was voted by almost
all...**



Value-based sustainability management



Sustainability and Competition



Security in strategy



Assuring acceptance and legitimacy



Realizing and making use of differentiation potential



Competitive Advantages in general



Relevance

Perception

Permanence

Competitive Advantage

Competitive Advantages



Social and ecological problems



Social and ecological knowledge becomes stakes

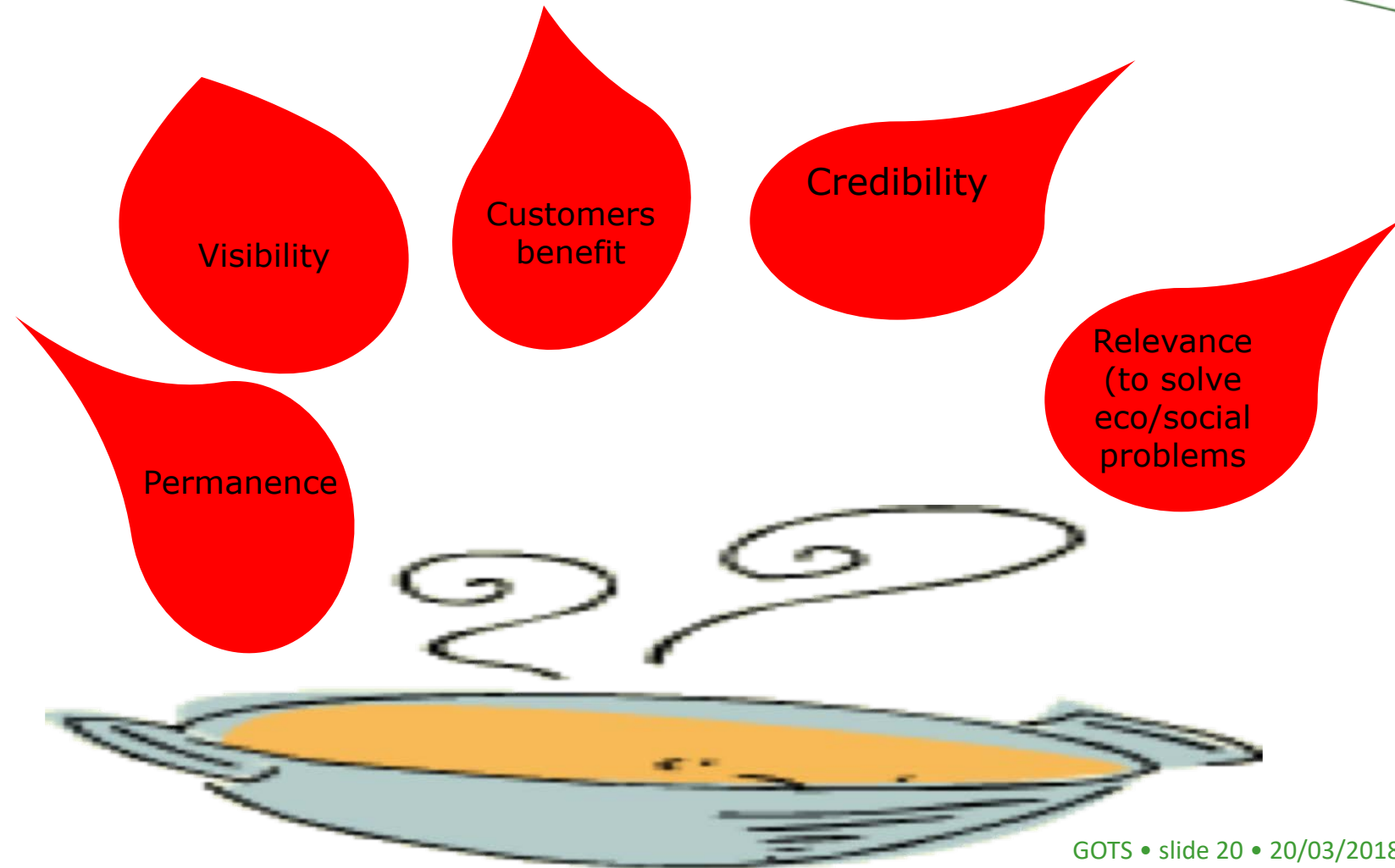


**Social and ecological competition fields
(current, latent, in the future)**



Competitive Advantages

What makes a standard a competitive factor?



Sustainability based competitive strategies



Reducing or controlling risks



safe

Improving image and reputation



credible

Improving productivity and efficiency



efficient

Market differentiation



innovative

Sustainable market development



transformative

Strategy type „safe“



Reducing or controlling risks

- **Standard as risk management instrument**
- **Standard as an instrument of communication to create trust**

GOTS' Solutions

- ✓ **GOTS products are certified the whole production chain**
- ✓ **Criteria are comprehensible**
- ✓ **Criteria are verifiable**
- ✓ **Compliance with the criteria has to be documented by certified entities**



Strategy type „safe“



- **California Safe Drinking Water and Toxic Enforcement Act of 1986 - Proposition 65 (1986)**
- **U.S. Department of Agriculture (USDA) Policy Memorandum on Labelling of Textiles That Contain Organic Ingredients (2011)**
- **Regulation on Registration, Evaluation, Authorization, and Restriction of Chemicals – REACH (2006)**
- **Regulation amending Annex XVII of REACH as regards nonylphenol ethoxylates (NPEOs) in textile articles**
- **Zero Discharge of Hazardous Chemicals / Roadmap to Zero (2011 – ongoing)**



Quality Assurance: Risk assessment



- **All GOTS Goods, the components of these products and the inputs used** are to be included in the risk assessment and therefore potentially subject to testing.
- **GM testing considerations added to the factors that should be considered in an appropriate risk assessment analysis:**

The essence is that GM testing on (cotton) fibre material is more appropriate/reliable at an early stage of the processing chain as still sufficient DNA from the plant can be found in the fibre material (e.g. at ginning or spinning stage).

Strategy type „credible“



Improving image and reputation

- **Standard can integrate stakeholder in standard development**
- **Standard communicates solutions for sustainability based problems**
- **Standard can be „external proof“**

GOTS' Solutions

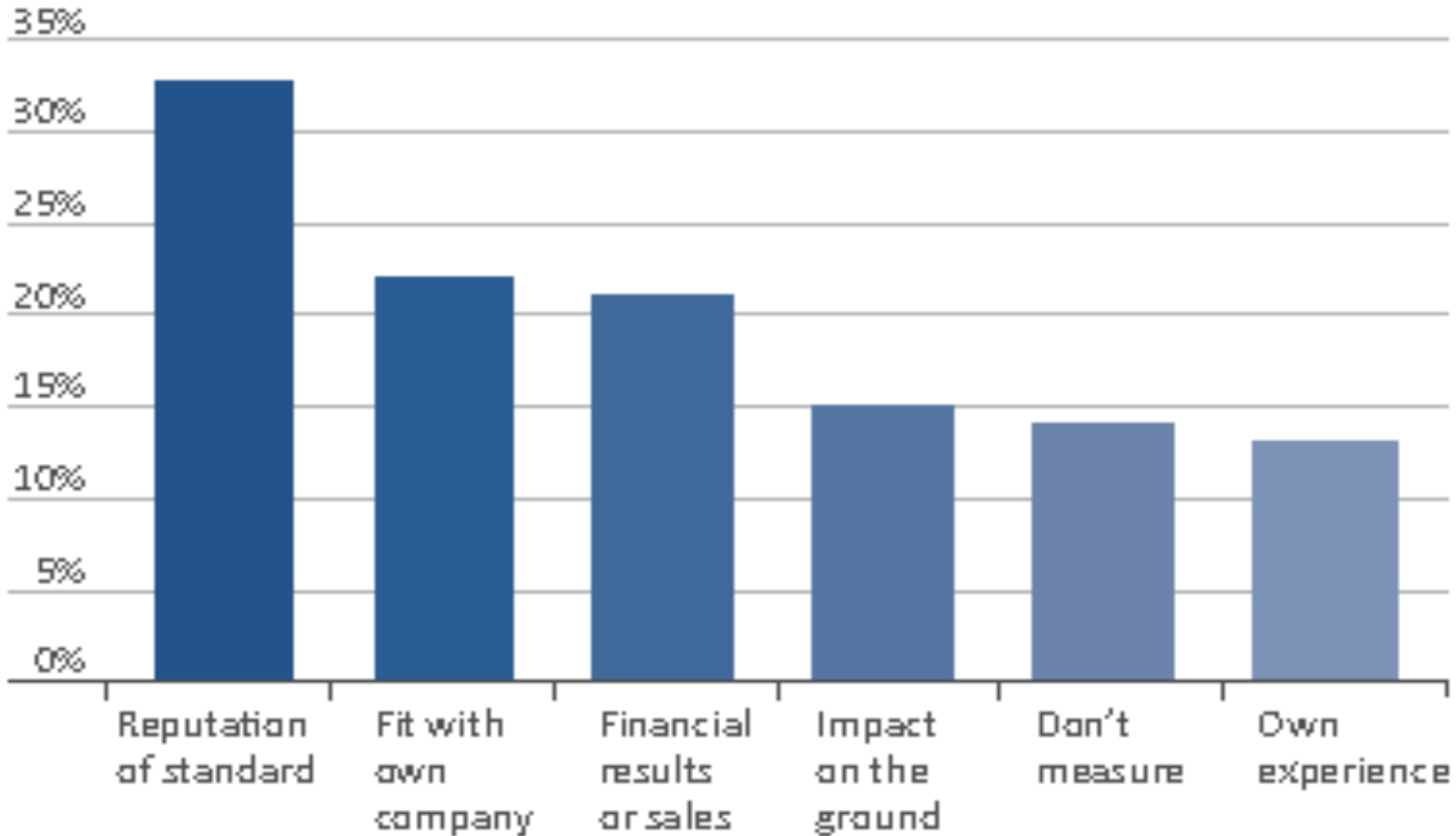
- ✓ **Third Party Certification**
- ✓ **Specific and verifiable criteria instead of best practise**
- ✓ **Includes environmental and social criteria along the entire supply chain**



Integration of stakeholders (Committees and Revision Process)

- ✓ **USDA, ISEAL, ITC, standard rankings...**

What is measured?



Public Data Base • Information and verification tool



By entering the [license no.] from an on-product label into the 'free text' field of the search engine, the certified entity can be verified

Strategy type „efficient“



Improving productivity and efficiency

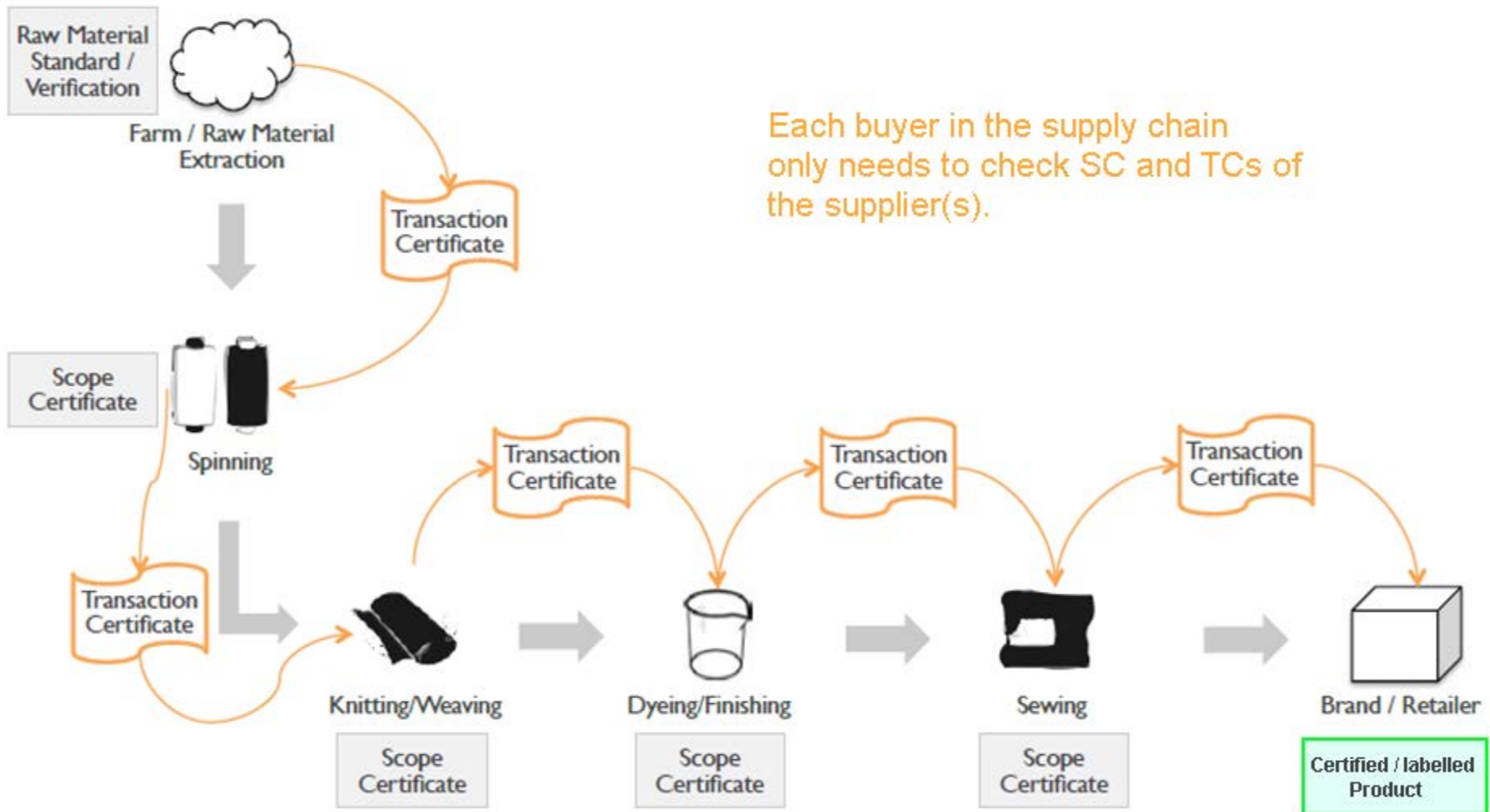
- **Standards as instrument to build up and manage supply chains**
 - **Achieve improvements in eco-efficiency**
 - **Achieve improvements in socio-efficiency**



GOTS' Solutions

- ✓ **Reduction of wastewater costs (Wastewater management)**
- ✓ **Instrument for sustainable supply chain management**
- ✓ **Reduction of „social damage“ (Social Compliance Management)**

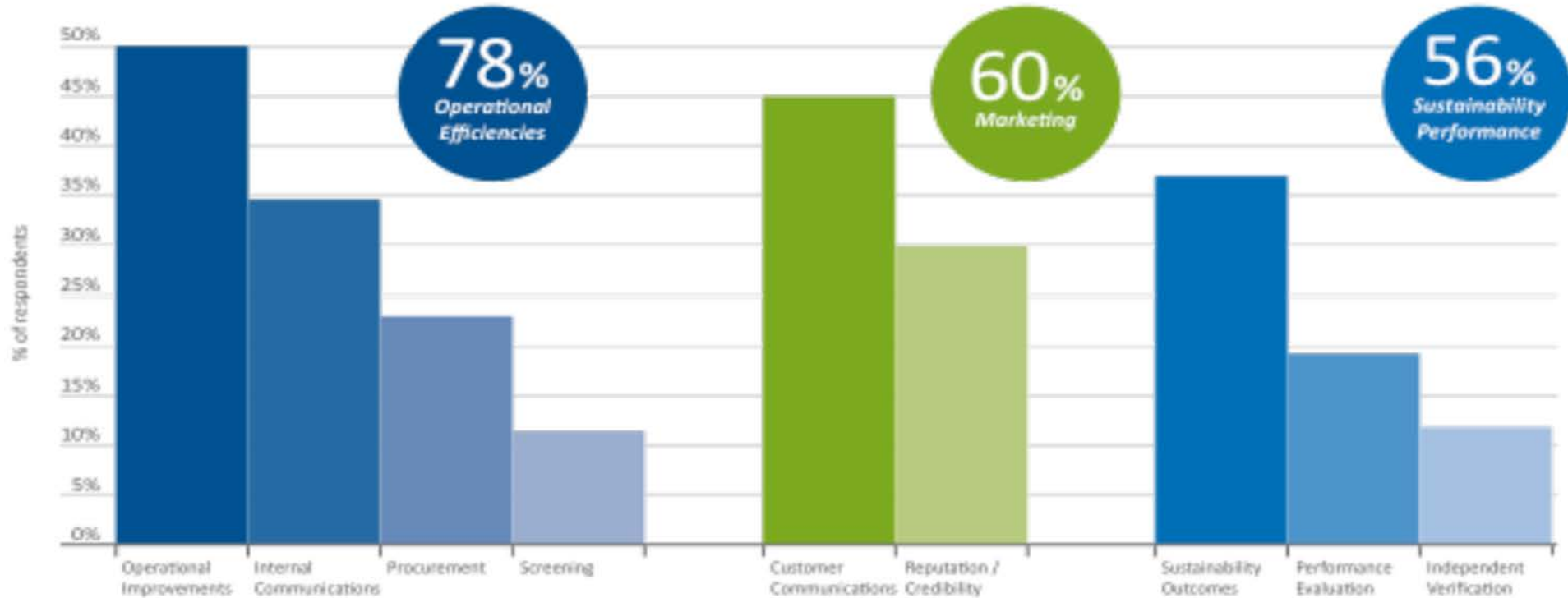
Certificates along the supply chain



Benefits from standards



What benefits do you get from standards systems?



Nutzen von Nachhaltigkeitsstandards für die Unternehmen (vgl. ISEAL 2010, 12)

Strategy type “innovative”



- **Differentiation**

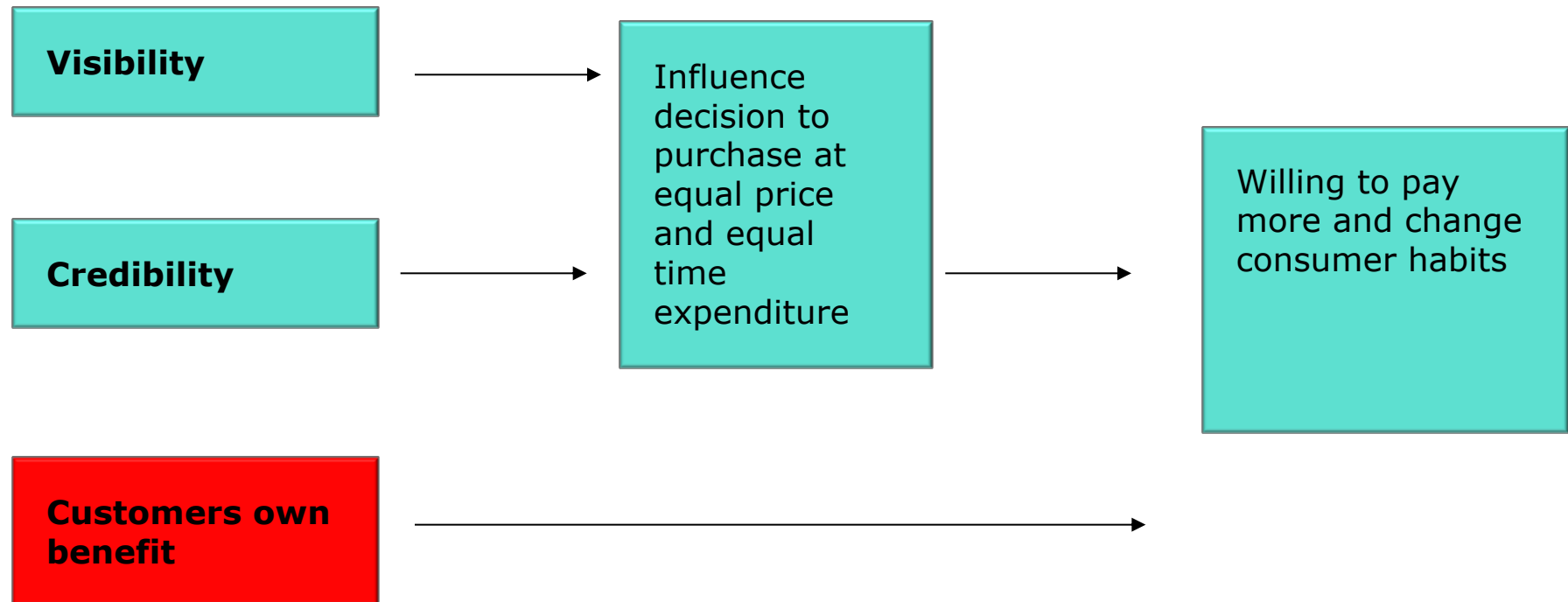
- **Standards for opening up new markets**
- **Niche markets**
- **Public procurement**
- **using customers „willing to pay more”**



Example of GOTS

- ✓ **Added value of the innovation in the premium segment compared to the conventional products (similar pricing)**
- ✓ **Decrease of health risks**
- ✓ **Protection of resources in production process**
- ✓ **Compliance of social criteria**

Differentiation – customers view



Strategy type „transformative“



Sustainable market development

- **Standards to exclude non sustainable managing marked participants**
- **Participation in working groups and stakeholder consultations of standard developers**
- **Standard as an instrument for lobbying and for integrating into government regulations (e.g. USDA)**



GOTS

- ✓ **Possibility to join stakeholder process**
- ✓ **Official recognition of GOTS as organic guideline (USDA) is intended in other countries too**
- ✓ **Contribution to the SDGs**

GOTS material for you



- Simple Show Clips
- GOTS Film
- Why GOTS Factsheets
 - Why GOTS - How Official Bodies, Organisations and Institutions support the Global Organic Textile Standard
 - Why GOTS - How Companies Benefit with GOTS Certification
 - Why GOTS - How Consumers Benefit from the Global Organic Textile Standard
 - Why GOTS - Why GOTS Meets Legal Requirements and Demands of NGO's
 - GOTS Labelling Factsheet - From Field to Fashion
- Security Advice Adverts
- Annual Reports
- FAQs

Why GOTS?

How Companies Benefit with GOTS Certification



There are numerous ways in which companies benefit from becoming certified to the Global Organic Textile Standard (GOTS). Below we list the top five reasons how and why becoming certified to GOTS supports a company's business case for sustainability.

- ➔ **Risk Reduction**
 - ✓ GOTS is a comprehensive risk management instrument for your supply chain
 - ✓ GOTS sets strict and extensive environmental and social criteria for the *entire* supply chain
 - ✓ GOTS criteria are explicit
- ➔ **Credibility**
 - ✓ Third party certification serves as independent external verification versus self-claims
 - ✓ Certification includes dual quality assurance - onsite inspection and product testing
 - ✓ Certification provides the credibility and verification of claims that investors, and the public, expect.
- ➔ **Efficiency and Productivity**
 - ✓ GOTS' wastewater management and other requirements result in improved eco-efficiency
 - ✓ GOTS' social compliance management requirements results in improved socio-efficiency
 - ✓ GOTS certification facilitates sustainable supply chain management, cutting companies' costs as they do not need to trace the whole supply chain themselves.
- ➔ **Innovation and Differentiation**
 - ✓ GOTS certification can grant access to new markets, e.g. public procurement
 - ✓ GOTS is explicitly recognized by governments and leading textile, sport, environmental, and organic organizations worldwide
 - ✓ Sustainability innovation provides added value over conventional products.
- ➔ **Sustainable Market Development**
 - ✓ Enables companies to be market drivers
 - ✓ Readies companies for the increasingly stringent regulatory climate.

GOTS is recognised as the leading processing standard for textiles made from organic fiber worldwide.

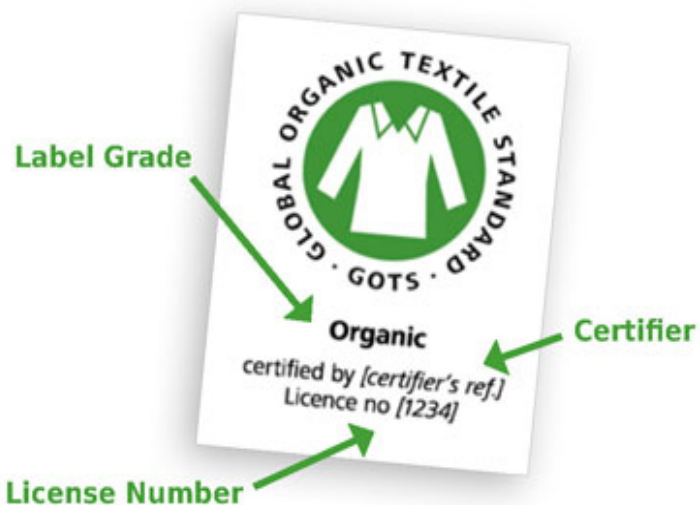




Security Advice for Consumers

Do you want to be sure that a product is really GOTS certified?

Please check for **complete labelling**.



Check our public database to verify
www.global-standard.org



Security Advice for Retailers

Make sure that products are actually GOTS certified and labelled correctly!

Request from your supplier:

- ➔ **Scope Certificate** (Certificate of Compliance) proves that the supplier is able to process according to GOTS criteria
- ➔ **Transaction Certificate** proves that the actual products are GOTS certified
- ➔ **the certifiers release** for the valid GOTS logo use on the product

Wrong labelling is a trademark infringement!

Retailers are liable for incorrect labelling

More information at www.global-standard.org

Sources



Dyllick, T./Belz, F./Schneidewind U. (1997): Ökologie und Wettbewerbsfähigkeit, Carl Hanser Verlag München Wien

Petersen, H./Klewitz, J./Schock, M. (2012): Zertifikate und Label zur Gewährleistung von Umwelt und Sozialstandards; Inputpapier ausgearbeitet für die Teilnehmer/innen des Innovationsverbundes Nachhaltiger Mittelstand Centre for Sustainability Management (CSM)

Schaltegger, S./Dyllick T. (Hrsg.) (2002): Nachhaltig managen mit der Balanced Scorecard, Konzepte und Fallstudien, Gabler Verlag, Wiesbaden