Organic Labeling in the United States

Webinar presented by Global Organic Textile Standard, Organic Trade Association, and Textile Exchange April 11, 2017

Questions and Answers from both sessions:

Of the certification methods covered (OCS and GOTS), which should a brand pursue first?

GOTS is the gold standard in organic textile certification. If this standard can be met, it is encouraged to use it. There may be some instances where products do not meet the strict content percentage minimums of GOTS, or where the processing requirements are not able to met, or are met by other standards. In these cases, the Organic Content Standard may be preferable.

In some cases, companies may want to cover products that meet GOTS, and some other products that meet OCS. In this case, they may opt to be certified to both standards.

Do you have advice for a clothing company who is starting up and intending to source GOTS textiles, mainly from India and other developing nations? Are there any common red flags we should be watching for, or questions we should be asking to ensure both the fabric and garment production is to a certifiable standard?

First ask for their scope certificate, and then look up the company on the public directory on the GOTS web site to make sure their certificate is valid. Secondly, check the Transaction Certificates for each shipment to make sure the documents match up with your sales records. If you are a retailer and will not be unwrapping or changing the items in any way, then you are exempt from the requirement to be certified, though you may choose to be. One reason is that your competitors will not know the source of your products, whereas the certificate number on every item will be revealed with your supplier's certification number. If you are altering the item, or repacking unwrapped items, then your warehouse needs to be inspected and you will need to be certified.

Are the best practices for labeling products containing organic fibers (i.e., "made with organically grown cotton") outlined anywhere publicly?

• In the accompanying slide deck, you can find a slide that summarizes OTA's position on this. They may also develop a document that provides an overview in the future.

- OCS labeling guidelines may be found online: <u>http://textileexchange.org/integrity</u>.
- GOTS labeling guidelines may be found online: <u>http://www.global-standard.org/licensing-and-labelling.html</u>

Is the Organic Content Standard accepted in the USA per FTC or USDA? I understood GOTS certified product is accepted but not heard anything about OCS.

The FTC has not officially recognized the OCS in any official capacity. GOTS certified products may be labeled as "organic" in the US. The USDA's memo did not mention the OCS.

Regardless of chain of custody used, can I use "100% organic" on my care label? Or do I need to use "contains 100% organic cotton"?

We cannot provide any advice about what is legally required on the care label. Our understanding is that the same restrictions around organic product or content labeling would apply for the care label as well. You can read more about care label requirements in the US here:

https://www.ftc.gov/tips-advice/business-center/guidance/threading-your-waythrough-labeling-requirements-under-textile#section

Online marketing of organic textiles in the US there are significant labeling violations in these two areas:

- 1. Calling a finished product "organic" i.e. "organic t-shirt", when the manufacturing process is not GOTS certified.
- 2. Violations of FTC regulations regarding the use of "Made in the USA" labeling-without clarifying that parts of the manufacturing process have not been done in the US.

Are there active enforcement activities addressing either of these violations? What can be done otherwise to address these issues?

OTA:

There is currently a gap between what the USDA NOP enforces, and what the FTC enforces, which mean that the first example above is not clearly overseen by either agency.

OTA has been working to get some sort of understanding between USDA NOP and FTC, in order to ensure further enforcement action on products that are not certified. These types of claims hurt the companies doing the right thing, and also mislead consumers about their purchases.

OTA has been meeting with them for many years, and FTC's response has been that their role in enforcing a fraudulent or misleading claim, would require them to have

a better understanding of what consumers expect when they see an organic claim on a textile or personal care product. Several years ago, they conducted a survey to understand what consumers understood about organic product claims on non-food items, to help inform them on next steps. Following this survey, they held a panel this past November, and OTA was invited to present on that panel. So far, we haven't seen any follow up from this panel. In the mean time, our best path forward is to submit examples to FTC and USDA of fraudulent or potentially misleading organic claims.

We think the USDA might have stronger jurisdiction over organic products, because these products are mostly made up of agricultural products. We are looking for a better definition that would help determine where the USDA jurisdiction ends and FTC would begin.

In terms of Made in USA, similar to the other misleading claims, our best option is to continue to submit complaints. They can only respond or react to something that is submitted via complaint. This is the route we should take to get them to take action.

Information about how to submit a complaint may be found online: File a Complaint with United States Federal Trade Commission: https://www.ftccomplaintassistant.gov/?utm_source=takeaction#&panel1-1

File a Complaint with United Standards Department of Agriculture: (courtesy of OTA: <u>https://ota.com/advocacy/organic-standards/how-file-complaint</u>)

What are the requirements in the US for making fiber content claims that aren't on-product (for example, a product description on e-comm, or a sales sheet with product details) and aren't specific to a standard?

Whether you are talking about a product label, or info on a website (e-commerce), the definition of labeling typically extends to any materials associated with the product. Under the NOP, this would fall under the definition of a label. Going back to the policy memo, if you are going to make an organic claim, you need to stay clear of making any reference to certification. You cannot even specify that it is certified to a standard. Do not use the USDA Organic seal.

Best practice is to use the OCS or GOTS to verify these types of claims.

For OCS item certification using GOTS certified materials, is it a requirement to be able to know exactly which lot of organic material was used in a finished good item? Multiple lots could be utilized in a single run or work order and is often mixed together to where there is no discernable beginning/end of each lot. The most important component of maintaining chain of custody is to ensure that all incoming lots are acceptable inputs for what is being produced. For example, as long as all incoming lots are OCS acceptable inputs, they do not need to be isolated within a production batch. If your incoming lots originate from multiple countries, it may be desirable to identify them, in order to ensure that the outgoing product has a clear link to a specific country of origin.

Is the India organic production standard equivalent to the USDA NOP? Where can I read on the equivalency standards of NOP?

No, the countries with established equivalency between organic standards are: Canada, Europe, and Japan.

What are the requirements for using the OCS logo as pictured?

The product must be certified through the end of the supply chain, and the logo use must follow our OCS Logo Use and Claims Guide, subject to approval by an approved Certification Body: <u>http://textileexchange.org/wp-content/uploads/2016/06/OCS-Logo-Use-and-Claims-Guide.pdf</u>.

If you have a poly fill quilt made with a GOTS shell, can this item still be certified to GOTS?

The poly fill needs to be 100% recycled and the weight must be 30% or less of the final product.

Can transitional organic cotton be certified? How long is the transitional period? Could US brands accept the transitional organic cotton product?

OCS allows for cotton in-transition to be identified and tracked using the same chain of custody model. But it would need to be kept separate from fully certified organically grown material. GOTS allows for transitional cotton as well.

The transition period for USDA NOP is three years.

US Brands could accept transitional organic cotton product, and could track this product through the OCS.

The earlier presentation indicated that organic cotton could not be blended with non-organic cotton and still make an organic claim. The OCS claims guide says that the organic blended claim has no restriction on the non-organic content. Which is correct? In GOTS, organic cotton and non-organic cotton may not be blended. Conventional cotton is not allowed in GOTS products.

In the OCS, it is allowed to blend organic and non-organic material, only under the OCS Blended logo.

Products that are identified as organic (i.e. a product claim is being made) should not blend organic and non-organic material of the same type.

Is it necessary to get both OCS and GOTS certified to make an Organic claim on the final products?

No, if you meet the requirements of GOTS, there is no need to also use the OCS for the same product. Some products may not be eligible for GOTS certification; in which case, the OCS may be used to verify organically grown material.

What about garment trims (i.e. button trims, thread)? Is there a limit to what percentage can be non-organic?

The OCS does not include trims in the content requirements of the standard. Therefore, there are no limits.

Trims and accessories are not counted in terms of weight or percentage of the item. There is an approved list of these items, for example some metals and endangered species are not allowed.

If I have a fabric that is 98 percent cotton and 2 percent lyrca, but the cotton used is 100% organic that has OCS certification, can I use the OCS logo on the fabric? Same questions goes for the garment made with this fabric.

We do not allow only the fabric to be identified as OCS certified if the final product was not certified through the end of production. Only a certified final product may include any reference to the standard.

A product with 98% organically grown cotton and 2% lycra would qualify for the OCS 100 logo, as long as the product was certified to the end of the supply chain.

For OCS, if we are auditing a wholesaler, are we supposed to check the TC only from the previous seller, or TC's before that stage?

The TC from the previous seller would only be issued if the TCs from the previous stage had already been verified. Therefore, there is no need to check TCs from further back in the production chain.

Does the OCS certification include only inputs (fiber) and not processing (ex: dying) versus the GOTS certification?

Yes, the OCS only includes criteria for handling and maintaining the identity of organically grown material, and no criteria for environmental, social, or chemical processing.