



POLICY FOR TRANSACTION CERTIFICATES - Version 2.1

December 2019

Section A - OBJECTIVE

This policy details requirements and guidance to be followed by Approved Certification Bodies (CBs) to issue Transaction Certificates (TCs) in accordance with any standard that belongs to Global Standard gGmbH (GOTS) or Textile Exchange. Both standard setters (GOTS and Textile Exchange) implement this mandatory policy in their procedures. The purpose of this policy – and the corresponding templates – is to unify requirements, layout, format, and text among the different CBs and standards in order to enable an easy, 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 on or after **April 1, 2020**.

Section B - REQUIREMENTS FOR TRANSACTION CERTIFICATES

B1. Original Document

- B1.1** Each CB shall declare to the respective standard setter if their valid, original TCs are issued as paper versions, digital versions, or if both options are used.
- B1.2** If the original is a digital version, the following sentence shall be added at the bottom of the TC: “This electronically issued document is the valid, original version”.
- B1.3** The CB shall further declare - on the TC - which (unique) security features are used for the original version of the TC (e.g. letterhead and paper layout, watermark etc.).
- B1.4** Digital versions of TCs shall be prepared in secure pdf mode.
- B1.5** The CB shall provide the respective standard setter with the contact details and/or features for verifying authenticity of the TCs. The standard setter shall make this information available to all applicable CBs.

NOTE: Digital versions of TCs are encouraged to promote efficiency within the certification process and may save on costs.

B2. Multiple Shipments on a TC

- B2.1** The CB may issue a single TC that covers the information of multiple shipments, provided the following conditions are met:

1. The seller, seller's CB, and buyer¹ agree to include multiple shipments on a single TC and agree on the number of shipments and/or time period.
2. The CB shall give written permission to the seller – copying the buyer – to use a single TC for the agreed number of shipments and/or time period (either for the individual case or as a procedural rule).
3. The seller shall receive the buyer's permission in advance to include multiple shipments in one TC. The seller shall notify the buyer of the time period for which each TC is intended to cover.
4. All shipments on a single TC shall be sent from the same seller at the same location (Box 3) and shall be produced by the same last processor of the products (Box 5).
5. All shipments on a single TC shall be sold to the same buyer (Box 7). Where multiple shipments covered on a single TC are sent to different consignees / destinations the TC shall clearly link the details (products, amounts) of each shipment to the corresponding consignee / destination. In this context, the information requested in Box 8 and 9 may 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.
6. The maximum number of shipments on a single TC is 100.
7. The maximum time period² that a single TC may cover is three months. and
8. A TC may not be open past the end of the validity of the seller's scope certificate.

B3. Exemption for Certified Retailers

- B3.1** Certified retailers are not required to receive and maintain TCs provided that products are labelled with the licence number of the supplier or manufacturer instead of the license number of the retailer.

B4. Exemption for Wholly Owned Subsidiaries

- B4.1** TCs are not required for sales or transfers of products between wholly owned subsidiaries which are included in the same parent company's scope certificate, provided that products are not repacked, relabelled, or processed by or on behalf of the subsidiary companies.

¹ Guidance: The buyer is urged to discuss the matter of multiple shipments with their own CB, if the buyer is also certified. 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. In this case, the buyer's CB shall not issue the TC for the buyer's goods being sold without receiving a TC for the incoming goods. The buyer's CB may also require written confirmation that the multiple shipment practice was agreed to by the seller's CB.

² Guidance: The choice of a time period requires a balancing of costs and risks. While using a single TC for multiple shipments should reduce the annual cost of TCs, 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 three months may be reasonable in some situations, it is expected that a more realistic timeframe would be closer to one month in most cases.

- B4.2** In the case of B4.1, a single transaction certificate shall be issued naming the parent company as the buyer and another naming the parent company as the seller, 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 parent company shall document all ownership changes in the flow of goods, which documentation shall be verified by the CB.

B5. Transaction Certificates in Subcontracting

- B5.1** Transaction certificates should be used when an independently certified organization is used as a subcontractor. In such cases, terminology within the TCs shall be changed from Buyer and Seller to Sender and Receiver.

B6. Timelines for issuing TCs

- B6.1** Certification bodies shall issue TCs within 15 working days after receipt of a complete application from a certified organization.
- B6.2** Certification bodies are not required to issue TCs more than six months after the date of the earliest shipment to be included. However, should the CBs find all documentation adequate and information complete, TCs may be issued based on their individual risk assessment.

B7. Template

The standard setters (GOTS and Textile Exchange) provide a TC template for each Standard. Further, a 'neutral' template is provided so that CBs can fill in combinations of standards (e.g. GOTS and GRS).

Requirements and guidance regarding the content of the TC are provided as follows:

7.1 Title

The document shall be titled 'Transaction Certificate'. Synonyms (such as product certificate, export certificate or certificate of inspection) are not allowed.

The standard according to which the TC is issued is to be named as Global Organic Textile Standard (GOTS)

A TC may be issued for more than one standard if all products listed are certified to all standards referenced. If individual products listed are certified to different standards, a separate TC shall be issued for each standard.

7.2 First Page

Transaction Certificate Number³ - A unique number used to identify each individual TC.

7.2.1 Box 1 – Certification Body

- 1a – Name and address of the CB's office that issues the TC.
- 1b – The CB's licensing code, as assigned by the standard setter.

7.2.2 Box 2 – Inputs Information

- 2a – Reference number of the Input transaction certificate: Transaction certificate number(s) of certified input material(s).

³ The unique TC number shall be issued directly by the Central Database System, when operational.

- 2b – Farm(s) scope certificate number(s) of first raw material.
2c – Farm(s) transaction certificate numbers of first raw materials.
2d – Trader(s) transaction certificate numbers of first raw materials.

2b, 2c and 2d are mandatory only for first processing step of each standard (e.g. ginning for cotton). Transaction Certificate Number(s) (e.g. farm to gin for cotton) shall be listed. Traders TC numbers shall be listed. Scope certificate number(s) of farm certified to Organic Production Standard shall be listed. Traders' scope certificate numbers shall not be listed here. If organic production standards do not provide TCs, 'Not Applicable' may be stated. Note that for the first processing step, 2a and 2c will be the same number.

7.2.3 Box 3 – Seller of certified products

3a) Name of the seller of the certified product(s) and address.

- The seller may be the main location of the certified organization, which is listed on page 1 of the scope certificate, or one of its facilities.
- A subcontracted unit shall not be the seller of the products.
- In case of exemption for wholly owned subsidiaries of a brand or of a retailer, the name and address of the parent company shall accompany the subsidiary name, with additional information carried in Boxes 7 & 8.

3b) The license (or contract) number of the seller.

7.2.4 Box 4 – Inspection Body

Name and address of the body (e.g. CB office or CB subcontractor). The inspection body may be different from the CB that issues the TC (e.g. another office of the CB or a CB subcontractor).

7.2.5 Box 5 – Last Processor⁴ of certified products

- 5a) Name of the last processor of certified product(s) and address.
5b) The license (or contract) number of the seller.

7.2.6 Box 6 – Country of Dispatch

Country from which the certified products are shipped.

7.2.7 Box 7 – Buyer of the certified products

- 7a) Name of the buyer of the certified product(s) and address.
7b) The license (or contract) number of the seller.⁵

7.2.8 Box 8 - Consignee

Name and address of consignee who receives the shipment of certified products (this may be a processor or a warehouse). If there are multiple consignees, these shall be detailed in Box 18. If the buyer is arranging transportation from the seller or the seller's subcontractor, the address where the buyer picks up the certified products shall be listed.

⁴ It may be left blank on request of the seller [for example, if the seller does not want to disclose the name of its (sub-contracted) processor]

⁵ If applicable.

7.2.9 Box 9 – Country of Destination

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

7.2.10 Box 10 – Product and Shipment Information

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:

- Unit counts (e.g. bales, garment pieces, or fabric rolls) and names of the products as they appear on the invoice
- Label grade, if applicable (e.g. for GOTS: 'organic' or 'made with organic', for OCS: OCS or OCS Blended)

Raw material category, product category, and product details as described in *ASR-103a Annex to the Scope Certificate Policy: Category Terms*.

- Fibre material composition of the product(s) (% of each fibre in the product by weight) from the SC Products Annex.
- Gross weight, net weight, and certified material weight of products in each shipment in kg (if the TC covers multiple shipments)
- Invoice number and date & purchase order number and date.
- Transport document number and date

If space is not sufficient to include all information of the TC on one page, Box 10 may be continued on page 2. In this case a statement shall 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 may be substantial. 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. In this case, the referenced products shall be clearly identified as certified on the corresponding invoices / transport documents and the arrangement shall be agreed upon by the seller, buyer, and CB.

7.2.11 Box 11 – Gross Shipping Weight

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

7.2.12 Box 12 – Net Shipping Weight

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

7.2.13 Box 13 – Certified Weight

Total weight of certified GOTS material(s) covered by the TC excluding non-certified materials, packaging, accessories, and trims in kg.

7.2.14 Box 14 – CB Declaration

The declaration as prescribed on the template shall be used.

7.2.15 Box 15 – Additional Declarations

This Box shall 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 shall 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 shall be based on a specific organic farming standard (e.g. in Canada, China, Brazil) before textile products may be advertised and sold with an ‘organic’ reference (to the fibres used), compliance with this legal requirement shall 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”)

Additional questions included on the template for a specific standard shall be answered.

7.2.16 Box 16 – Signature and Date

Contains date and place of issue, name and signature of the CB representative detailed in Box 1, stamp of the CB in colour, and logo(s) of the standard in colour.

7.3 Second Page

The second page starts with the repeat of the reference number of the TC.

7.3.1 Box 17 – Product and Shipment Annex

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.

7.3.2 Box 18 – Consignee Annex

This Box may contain additional information required to be provided under Box 8 & 9 with appropriate identification.

7.3.2 Box 19 – Inputs Annex

This Box can contain additional information required to be provided under Box 2a and/or 2b, 2c, 2d.

7.3.3 Box 20 – Logo Declaration

This Box shall contain the declaration: “This transaction certificate does not entitle the buyer / consignee of the goods to use the GOTS logo without express written approval

from a GOTS Approved Certification Body and in adherence with the GOTS Licencing and Labelling Guide.

7.3.4 Box 21 – Signature and Date

Box 21 repeats signature of the authorized person, name of this person, stamp of the CB and logo of the standard as detailed in the description to Box 16.

7.4 Footer

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

Notes

1. This policy and template is harmonized between GOTS and Textile Exchange.
2. Further information may be required in the GOTS and Textile Exchange database systems for the CB to issue a TC.
3. The following verbal forms are used to indicate requirements, recommendations, permissions, or capabilities in this policy:
 - “shall” indicates a requirement
 - “should” indicates a recommendation
 - “may” indicates a permission
 - “can” indicates a possibility or capability

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