

Zwolle, 25 January 2010

To Whom It May Concern,

Last week, many of you that are active in the organic textile industry in Germany were contacted by reporters of various newspapers and television programs. Contrary to previous years, organic cotton has recently come under heavy scrutiny. It is reported that 30% of the organic cotton sold in Germany is contaminated with BT-seed cotton originating from India. As one of main certification organisations that deal with the certification of companies to the Global Organic Textile Standard and Organic Exchange 100 standard, our certification activities in India were challenged. With this letter we are informing you about how we have experienced the recent news as well as the actual situation in India during the last three years. We also wish to ask your input regarding our action plan.

The first signals that the Financial Times Germany (FT) was investigating contaminated cotton, reached us on Monday 18 January 2010. One of our German clients was contacted with questions about their organic products. We have given all our support to this client in answering their questions. On Wednesday 20 January we were contacted by a reporter working for the Financial Times with the request to answer 11 detailed questions. We informed him that we would answer his questions as soon as possible. As no deadline was communicated by FT, we started a detailed internal investigation to answer FT's questions in a constructive manner. When we submitted our answers, it became obvious that there was no interest in them, as the article had been published already. To date, we have not been able to contact the reporter (by telephone), nor have we received from him any confirmation or reaction from him to our answers.

It was mentioned that 30% of the organic cotton sold in Germany contains BT-seed cotton. For us it is unclear which data was used to come to this conclusion, and how the link with India was made. As some Western certification organisations were confronted with penalties or suspension in previous years, a premature conclusion was made that Western certification organisations were involved with the BT-seed discussion. As described in our answers to the reporter of the Financial Times, it is obvious that conclusions were drawn too fast.

Our involvement in India in the organic cotton industry has changed enormously during the last years. Due to our history with the EKO textile program, we were the main certifier of farmers, ginners, spinners, weavers, knitters, etc. for many years. As the rumours regarding BT-seed cotton persisted throughout the industry, Control Union decided to make our policy even more robust: farming projects are visited three times a year and samples of used seed are taken. The (extra) actions have led to higher certification costs for farmers, which has affected our corporate position in India: the total number of Indian farming projects certified by CU has seen a sharp decrease.. At the same time, the total number of certified farming projects in India was growing rapidly. Currently, there are 18 certification organisations active in India, of which the majority received a license from APEDA (the Agricultural and Processed Food Products Export Development Authority) during the last years.

In an open market, traders and processors certified by Control Union are not limited in their sources regarding certified organic cotton. They are allowed to accept any certified cotton, as long the certificate is issued by a certification organisation that is recognised by APEDA. At the end of 2007, CU-certified ginning and spinning companies were instructed to sample and analyse cotton originating from companies that are not certified by CU. This has now changed in such a way that all samples have to be taken by independent inspection or certification organisations. Cotton can only be accepted if it has been sampled by an independent inspector, and if the analysis results do not show any contamination with BT-seed cotton.

In the next months Control Union will speed up the implementation of a so-called "Buyer Information Portal" (BIS). This website will make it possible for buyers of organic cotton to trace back their cotton to the farmer unless the chain was broken by a company certified by another certification organisation. In such a situation we will show the name of the certification organisation that certified previous companies.

We will discuss with Organic Exchange and Global Organic Textile Standard on how to further improve and strengthen the system.

For brands/retailers or anyone else who is interested, we offer the possibility of having your products checked in our laboratory, TLR. This laboratory can (as long the DNA structure has not been damaged) indicate to you whether the product contains BT-seed cotton or not. Interested persons or companies can contact TLR International Laboratories at [info@tlr.nl](mailto:info@tlr.nl) or +31 10 2823292.

We hope to have informed you in an open and constructive way. We fully understand that you might have more questions or that you may require extra support. Please do not hesitate to contact us. You can contact our textile team in The Netherlands (head office) or our offices in Germany or India.

Yours sincerely,

Control Union Certifications  
The Netherlands