

Cotton Outlook

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Special Feature

WORLD COTTON DAY



2022

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Happy World Cotton Day from Cotton Outlook!



How quickly the world turns! Three years ago, we saw the launch of the first World Cotton Day in Geneva, and today in 2022 the event (approved formally by the United Nations in September last year) is fully established as major event in the annual cotton calendar.

We at Cotton Outlook are delighted to present our third special feature prepared especially for World Cotton Day, which has taken shape in the intervening period as a publication dedicated especially to investigating the matter of sustainability, as it pertains in myriad forms to the cotton industry. We are extremely proud to have contributions from thought leaders and major influencers in this domain, and some newly formed organisations as well as giants of the cotton sustainability matrix. Put

together, these articles create a broad-spectrum image of the diverse programmes and initiatives under way in the field of cotton and textile sustainability, including the Global Organic Textiles Standard, Better Cotton, the International Cotton Advisory Committee, regenerative agriculture, sustainable denim production, and reflections on building resilience in cotton supply chains from the Textile Exchange. We are extremely grateful to all of our authors, who have so graciously lent their time, energy and expertise to this publication. It is a truly collaborative effort, reflecting indeed the approach needed in the sector, whereby different actors work in distinct ways towards a common goal – a stable, healthy industry that benefits all its participants, its consumers and the planet.

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Cotton for good

Mike McCue
Director of Communications
International Cotton Advisory Committee

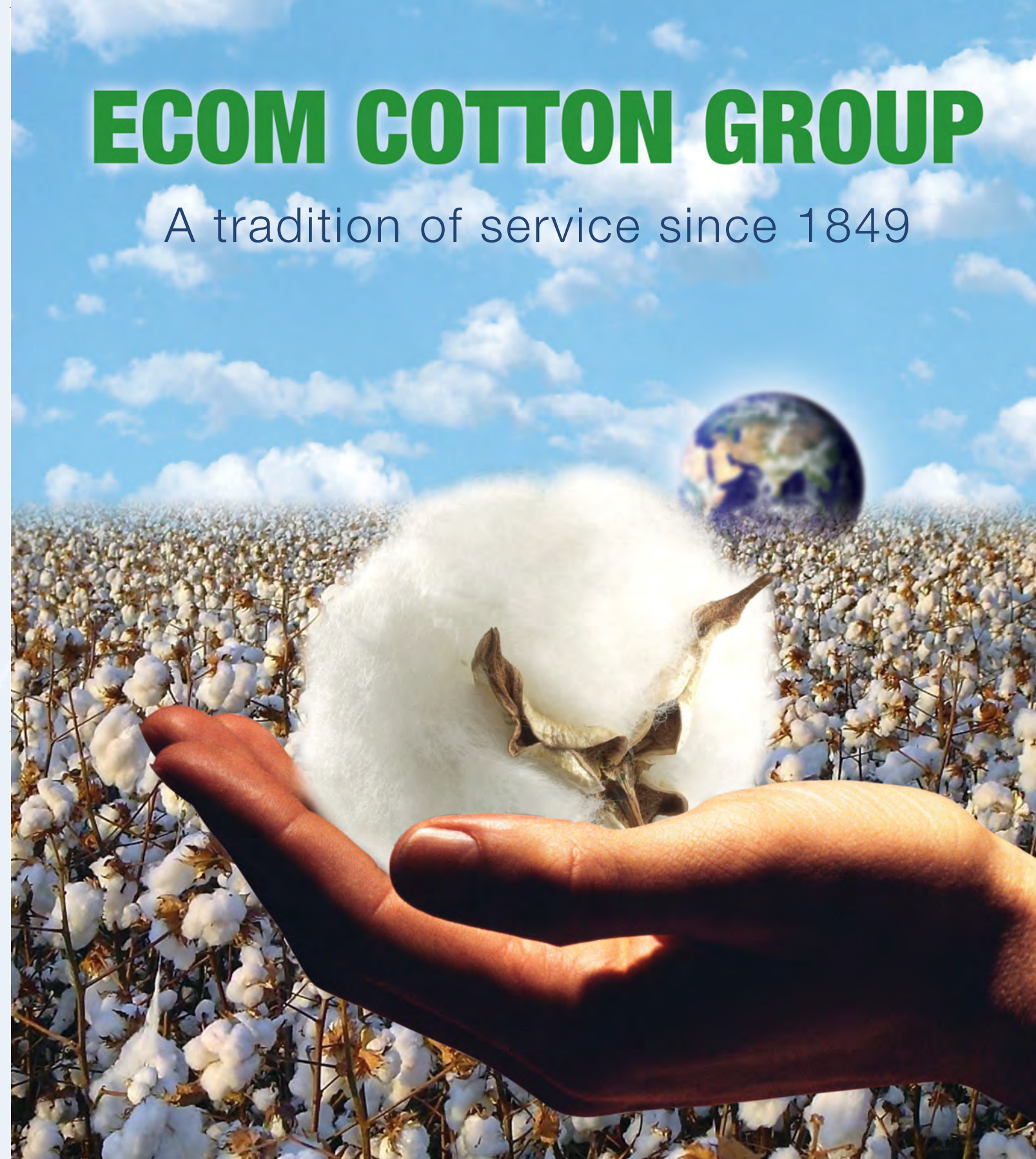
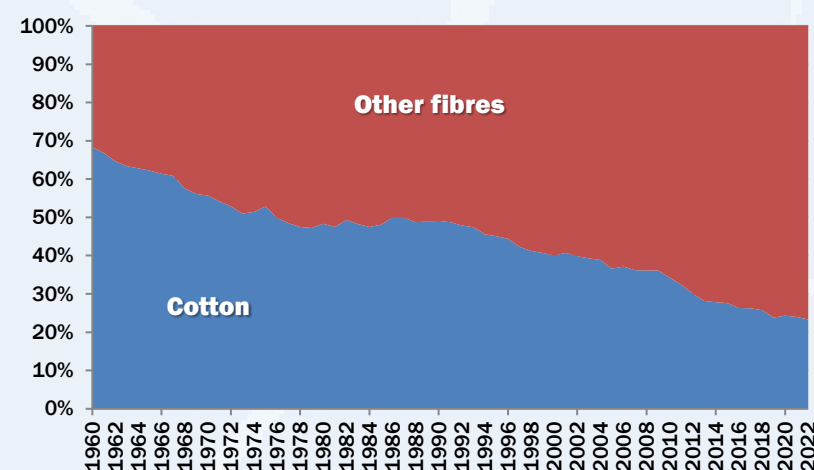
World Cotton Day — which is celebrated annually on 7 October and was just added to the United Nations permanent calendar last year — is an opportunity for the global cotton and textile industries to promote all of the many wonderful things that cotton brings to our lives.

It is also an opportunity to highlight the stark differences between cotton and its primary competitor, synthetic fibres. When you compare their social, economic and environmental impacts, the differences and therefore the best choice are crystal clear.

On one hand, you have a natural fibre that facilitates gender equality, especially in least-developed countries. It is renewable, improves soil health, can be produced organically and absorbs more carbon than it emits during production, so it helps fight climate change. In addition, the cotton plant is used in a whole host of by-products that create income and employment, including cotton seed oil, soap, and seedcake for livestock. It is known as a poverty-alleviating crop for a reason.

On the other hand, you have synthetic fibres that are made from fossil fuels. They shed microfibres — tiny pieces of plastic that have been found everywhere in the world, from the deepest oceans to the highest mountaintops and even in our food chain — and it can take a thousand years or more for these invaders to degrade. In addition, extracting the oil that synthetics are made from does terrible damage to our environment.

It seems like a no-brainer to choose cotton, doesn't it? Yet cotton's market share versus synthetics



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to the entire planet. Worst of all, every single piece of microfibre we dump into our environment could continue to plague us 1,000 years into the future. Washing a single fleece jacket, for example, can send as many as 81,000 tiny pieces of plastic into our water supply. New York City alone expels as many as 7 billion of these fibres into its harbour every single day.

Ultimately, it comes down to a choice, and it's not one for the cotton industry to make alone. It's a choice that every person on earth should think carefully about when they make their purchasing decisions. What is the true cost of buying the cheapest shirt on the rack? How much will a bit of convenience today cost us down the road?

About World Cotton Day

World Cotton Day (October 7 each year) is a concept that was born at the ICAC in 2018, and the first ever World Cotton Day celebration was held at World Trade Organisation headquarters in Geneva a year later. More than 800 people from around the world travelled to Geneva for the inaugural event in 2019, which was organised by the other founding organisations of World Cotton Day: the FAO, ITC, UNCTAD and the WTO. At this event we had ministers from a dozen countries as well as countless senior officers from member governments.

World Cotton Day was held again in 2020 and 2021, with cotton and textile professionals around the world organising their own online and in-person events. In an incredibly exciting development in August 2021, the United Nations — recognising the significance of the world's most important natural fibre — announced that it would reserve October 7 as World Cotton Day on its permanent calendar.

World Cotton Day, which this year carries the theme 'Cotton for Good', was created for several primary purposes:

- to promote and potentially increase global demand for cotton;



- to refute the myths, lies and misunderstandings about cotton that are so prevalent in the media by promoting the *#TruthAboutCotton*;
- to increase collaboration between businesses and organisations around the world to the betterment of cotton.

Lastly, and most importantly, World Cotton Day is a celebration of cotton! From its inception, it was always intended to be positive, fun and interesting. Given the many threats our planet faces, sustainability is a serious business. If we continue down the path of fast fashion and manmade fibres, the outlook will grow dimmer by the day.

But that is exactly why, on October 7 each year, the global cotton and textile industry deserves to shout about all of the good things cotton brings to us on a daily basis. The more we turn toward natural fibres like cotton and away from oil-based, synthetic fibres, the more sustainable the future will be — 365 days a year, not just one.

A day to celebrate – what's the big deal?

This is a fair question to ask. Really, how much of a difference can a single day make? Is it worth the time and effort to reserve one day for cotton?

It is virtually impossible to know every benefit that comes from World Cotton Day, but there are some things we know for sure:

- Hashtags on Twitter provide hundreds of thousands of dollars' worth of visibility for cotton. Last year, the hashtags were used more than 800 times on 7 October, accompanying posts that talked about the benefits of cotton. They made nearly 3.5 million impressions on Twitter users. To put that into perspective, if we had to use paid advertising to reach that many people, it would cost about \$400,000.
- Brands are paying attention. The first-ever World Cotton Day in 2019 was a fantastic success in terms not just of the number of attendees, but who those attendees were. Fourteen

minister-level government representatives were there, as were scores of other senior officials. Unfortunately, not many brands participated, but that changed in 2020 and 2021, with global powerhouses like H&M, Gap and PacSun recognising and participating in World Cotton Day. Our friends at the Bremen Cotton Exchange achieved remarkable things when they collaborated with German brands last year as well, so the momentum is building.

- It can change hearts and minds. For many years, cotton was plagued by the myth that it requires 20,000 litres of water to produce a single kilogram of cotton fibre. That came from a flawed study conducted by the World Wildlife Foundation and the misinformation was first posted on its website in 2013 and stayed there for years. But the visibility of World Cotton Day — including an ICAC video created to dispel that awful myth about cotton's water consumption — was the tipping point. Not only did WWF agree to remove that information from their website in 2020, the organisation actually participated in World Cotton Day last year. The WWF deserves credit for being open-minded and willing to make a change when presented with new information, and one of their social media posts regarding cotton's importance to Pakistan said:

'On this day let's focus on the advantages of cotton as a natural fibre, the importance of its sustainable production, transformation, trade and consumption, for people, nature and the economy.'

Cotton has a long way to go before it can fully dispel all of the myths, turn the tide in its battle with synthetics for market share, and continue to improve its own sustainability. But working to educate people about cotton and promote the world's most important natural fibre on October 7 each year has already helped to change the narrative, so please make sure your voice is heard on this, and every, World Cotton Day.





More life on earth

Regenerative agriculture is a commitment to sustainability, people's lives, business and to the world.

SCHAEFFER

Guilherme Scheffer
Economist and Scheffer Shareholder and Director

The history of our company is inextricably linked to the development of agriculture in the interior of Brazil. I am proud to say that Scheffer started as a family business, more than 30 years ago, when my parents migrated from the South to the Midwest region, in the heart of Brazil.

Throughout our history, we have learned to look at the past and appreciate the great contribution such pioneers have made to the development of the cotton industry in the Brazilian *Cerrado*, at a time when there was not as much research and technology as we have today.

Over the past 30 years, we have evolved to become one of the main cotton producers in Brazil. We have more than two thousand employees, operating in nine production units in Brazil and one in Colombia. We cultivate more than 200,000 hectares of cotton, soybeans and corn, producing two crops within the same year. In addition to agriculture, we raise cattle and work with one mining company, VISO, which produces phosphate via a calcination process, using only heat to solubilize the minerals, without water or chemical inputs. The greater part of VISO production is destined for use in our units in Brazil.

A new way of thinking about agriculture

Over the years, we noticed that, despite our good yields and the success of our company, there was a continuous increase in the need for chemical inputs to control pests and diseases. This intensive chemical

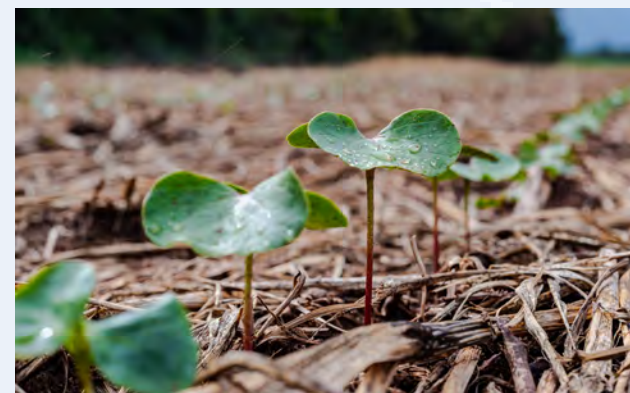
use generated a biological imbalance in the soil and this became visible as secondary pests turned into primary, to list just one consequence.

After extensive research, we understood that it was necessary to act on the root of the problems, not just on the effects. With that in mind, and aiming for an increasingly sustainable production system, we went in search of an agricultural model that would reflect the good practices we already had in place in our farms.

Innovation is one of our values. The experience we have acquired over years of work permits us to continue improving our farming practices. Approximately seven years ago, we found in **regenerative agriculture** a system that allows us to combine our agricultural activities with care for the land and nature.

Essentially, **regenerative agriculture works in harmony with nature**, focusing on the **health of the soil** and its biology. It creates more **resilient ecosystems**, especially plants, in addition to **contributing to low-carbon agriculture**.

We started to introduce regenerative practices in the 2015/16 crop, as an experiment, on 440 hectares. Since then, we have invested in research and in hiring professionals to help us improve our farming systems. We increased the initial 440 hectares to 4,040 hectares, which were certified in 2019/20. In the most recent crop (2021/22), we reached 14,000 hectares cultivated using regenerative practices and, for the first time, achieved certification for the entirety of one Scheffer Production Unit.



Regenerative practices

Regenerative agriculture consists of a series of interrelated practices that focus on providing better health to the soil. Principal among these is the reduction in the use of chemicals: year after year, we have reduced the application of chemical inputs to our crops. Over the last six years we have managed to reduce, on average, 50 percent of chemical applications to the cotton and soybean crops, while maintaining yields and the quality of our products, proving that regenerative agriculture is economically viable.

Our production system does not use irrigation; both planting and harvesting are planned to take advantage of the local rainfall cycle.

For us it is essential to preserve native vegetation areas. We keep more than 150,000 hectares untouched, an area that is larger than our total cultivated land.

We also employ direct planting methods, in which seed is sown directly into the soil and then covered with straw, without ploughing or tilling the land. To complete the list of the main regenerative practices adopted in our areas, we use cover crops to protect the soil and crop rotation to boost nutrient cycling.

Benefits of regenerative agriculture

The combination of these practices results in a **reduction of the environmental impact of our agricultural production**, making it cleaner and more sustainable, maintaining the yield and quality of our grains and cotton and meeting the standards and demands of the consumer market.

It is important to highlight that **regenerative agriculture is synonymous with life**. In 2021, we

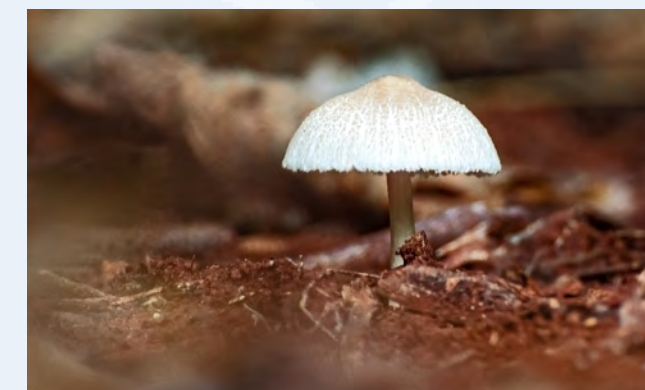
Regenerative agriculture practices



The second practice is the use of biological products, mostly made up of fungi and bacteria, to control pests and diseases as well as contribute to the healthy development of plants. These microorganisms are produced in our own industrial units, according to strict quality control criteria. Our annual production of biological inputs is sufficient to meet all our needs in Mato Grosso state, where most of our production units are located.

Additionally, we use precision agriculture, a collection of high-tech tools, to study, understand and treat soil variability. This allows us to optimise the use of inputs, which are applied at a variable rate according to the specific needs of each area, avoiding waste, reducing the environmental impact and increasing productivity.

monitored areas that had been cultivated with regenerative practices using soil DNA sequencing, and we found an **increase in biodiversity** and an



improvement in biological balance. We noticed the growing presence of insects (natural enemies), which act to control pests and diseases in the crops, and a greater presence of beneficial microorganisms in the soil. That is nature returning to its normal cycle.

The diversity of microorganisms in the soil plays a key role in regulating the emission of greenhouse gases and promoting the health of plants and humans. Scientific studies by the Brazilian Agricultural Research Corporation (Embrapa) show that good agricultural practices, in addition to the increase in organic matter, can directly affect the amount of carbon sequestered in the soil, especially in the *Cerrado*, helping to reduce CO₂ emissions.

Regenerative agriculture also promotes soil regeneration and conservation, helps combat erosion, and improves soil water and nutrient retention, in addition to optimizing water and energy resources.

Benefits of Regenerative Agriculture

**Better carbon
fixation in the soil**

**Improvement
of biodiversity and
biological activity
in the soil**

**Reduction
in the chemical
use**

For us, regenerative agriculture is the way to unite the efficiency of current agricultural practices – with high yields, quality and profitability for producers – with environmental, economic and social responsibility. Therefore, since 2021 we have incorporated this cultivation model as our business strategy, which is directly linked to our purpose of regenerating life on Earth. We aim to continue evolving and by 2030, to cultivate 100 percent of our farmland with regenerative practices.

We believe that the future of agricultural production necessarily involves more conscious and sustainable practices. The journey that brought us here drives us to move forward, keeping the focus creating a model of agriculture that is good for society and for nature.



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Cotton sustainability in 2022

Antonia Prescott
Deputy Editor
Cotton Outlook

This time last year, we reflected on the fact that one of the effects of the Covid pandemic had been to renew consumer focus (or perhaps even to concentrate it for the first time) on matters relating to the environment, ecology and sustainability. Now, in the second half of 2022, we might observe that the call to action within the cotton industry as part of the complex of global manufacturing and trade is even more urgent, despite (indeed, arguably because of) the unwelcome events of the past twelve months, including rocketing inflation at a worldwide level, Russia's invasion of Ukraine in February, dramatic climate-related crises in the US and Pakistan, and ongoing freight disruption.

Speaking frankly, it is beyond the scope of this article to offer any individual or tailored responses to the problems that have been highlighted in the past year – especially in a publication that contains contributions from writers so much better qualified to comment on their areas of expertise. Instead, for now we will limit ourselves to an examination of the implications of some of those events and issues for sustainability in our industry – whether from the perspective of the grower, the manufacturer, the merchant, the retailer, the consumer or all of the above.

Climate change is perhaps top of the list of the issues to be confronted and reckoned with by everyone, but in particular for our purposes here by cotton farmers in the United States and Pakistan this year. The

starkly contrasting weather events – exceptional drought in the US southwest and catastrophic flooding in the provinces of Balochistan and Sindh in Pakistan – highlight just how unpredictable, inconsistent and amorphous a threat the shift in the planet's climatic systems represents.

A rare “triple-dip” La Niña pattern – that is, one that persists for three years in a row – is understood to be at least partly responsible for the acute lack of rainfall in Texas and California in recent months. The weather system is also associated with an active hurricane season, which of course has the potential to affect farmland along the eastern seaboard of the US and around the Gulf of Mexico, meaning that the portion of the US crop (in the Delta and Southeast) that has been less affected by dry conditions so far may still have some hurdles to navigate this autumn.

The flooding in Pakistan may also be attributable, at least in part, to the same phenomenon, correlated as it is with cooler surface water temperatures in the Pacific Ocean. Of course, La Niña – even one lasting three years – is not unheard of. However, the scientific consensus seems to be that the frequency of such events is increased by climate change. Moreover, warmer air holds more moisture and is capable of delivering much more intense rainfall. Researchers at the National University of Sciences and Technology in Islamabad have identified a steadily warming trend (+0.18 degrees per year, on average) in Pakistan's monsoon belt since 2010.

It also worth noting that in the Southern Hemisphere, a La Niña pattern tends to augur heavy rain in eastern Australia. Abundant rainfall over the past two years or so has brought to an end a severe drought that had decimated Australian cotton production. Although some of the downpours have been untimely from a cotton quality perspective, reservoirs and other storage units have been replenished and the prospects for the industry transformed as a result. Had that not been the case, the consequences for the country's cotton farmers – and for the global supply position – would have been far-reaching.

As we commented at the outset, we do not wish to propose solutions in this article – least of all to a global problem unprecedented in its complexity. While it is tempting to advocate that individual countries, regions or even farmer groups should try to adopt climate-resilient practices, crops and systems, such exhortations ring hollow when a third of a country's agricultural land is under water or a state the size of Texas is subject in its entirety to drought ranging from moderate to extreme to exceptional.

That being said, part of the response to climate change at a global level must surely include a reduced reliance on fossil fuels for energy in the years to come, given that carbon emissions are widely (if not undisputedly) held responsible for the general rise in temperatures already fully under way and the shifting, sometimes chaotic, weather patterns that ensue.

If further evidence is required of a need to divert to other sources of energy, the crisis produced by soaring prices for gas, coal, oil and electricity in the past year should suffice. The increase in demand for energy as business and leisure activities got back to speed after the pandemic and the interruption in supply caused by Russia's war in Ukraine that followed has resulted in power shortages for industry, unaffordable costs for businesses and households, and political disruption in South Asia in particular. From the point of view of those involved in the cotton business, the implications are of course legion. Escalating household fuel bills promise to impinge on spending on discretionary items such as textiles and clothing. Demand from the downstream cotton textile sectors is thus at a very low ebb. The direct impact on spinning operations – with factories forced to reduce working hours in an effort to conserve energy, or in response to unplanned outages – is also stark. South Asian countries – heavily reliant on imports of oil and natural gas, and paying for these commodities in increasingly expensive foreign currencies – are experiencing acute problems.

The rise in fuel prices is also partly responsible for farmers' reduced access to fertiliser, the production of which is enormously energy intensive. And then – again – the political fallout from Putin's invasion of Ukraine, including the imposition of sanctions on Russia and also on neighbouring and supportive Belarus, together normally accounting for some 40 percent of trade in certain mineral inputs, has created additional stress within the system. The cotton producers in Brazil and West Africa are amongst the most vulnerable in this regard. Brazil imports up to

90 percent of its fertiliser requirements, and West Africa 80 percent, and cotton is one of the most fertiliser-demanding crops produced in the two regions. Even if availability were not a problem in its own right, the increased costs of production arising from rises in prices for fertiliser, freight and on-farm energy use certainly will be. One of the responses from producers is likely to be a smaller application of inputs, resulting in lower yields. Or, just maybe, regenerative agricultural practices (such as those described with such sparkling clarity in the previous article) will begin to be implemented more widely and may even, one day, become standard practice.

One final discussion point concerns near-shoring, that is, the practice of shortening global supply chains by bringing production nearer to home, with clear sustainability implications in terms of reduced costs and fuel for transportation. The disruption to freight lines during the pandemic has been so acute as to persuade European clothing brands in particular to divert orders from manufacturing centres in the Far East in favour of South Asia and especially Turkey. Apparel exports from Turkey (of all fibres) increased by almost 20 percent year on year in the first half of 2022; shipments to Germany alone had a value of US\$2.2 billion. Whether that rise can be sustained in the third and fourth quarters of 2022 remains to be seen. The cotton sector in Turkey is amongst those hit hardest at present by a dramatic reduction in downstream demand from the EU and US.

The next six months to a year at least look to be stormy for the global economy. It feels important, then, that in such a period the cotton sector should focus on stability, capitalising on gains made in the arena of sustainability and responding to an ever-growing public awareness of the challenges that lie ahead in the arenas of ecology, politics and economics. An industry that espouses sustainable practices in all the domains highlighted by the UN development goals is surely in the very best position to face the future, whatever it may bring.





Building resilience in cotton supply chains

La Rhea Pepper
CEO and Co-founder
Textile Exchange

Textile Exchange's CEO and Co-founder, La Rhea Pepper, reflects on the growing urgency to build resilience in global cotton supply chains and bring measurable beneficial outcomes for our planet.

Cotton is one of the most frequently used materials in the fashion and textiles industry. Just last year, it made up almost a quarter (22 percent) of global fiber production.¹

Supply chains worldwide depend on this natural, land-based raw material, and the healthy functioning ecosystems needed to produce it. There is no clearer illustration of this than the recent floods in Pakistan, showing us how quickly livelihoods are put at risk when cotton farmers are forced to adapt to extreme climatic events more rapidly than ever expected.

That's why, at Textile Exchange, we're helping to transition the cotton production model towards one rooted in resilient agricultural systems that work with nature. Reducing the negative impacts associated with cotton production is just the beginning – ultimately, our mission is to accelerate the adoption of agricultural practices with measurable beneficial outcomes, starting to heal the damage that's been done.

Looking at the land as an impact indicator

As a fifth-generation cotton farmer, I've seen first-hand that the relationship between cotton, ecosystems and communities starts in the soil.

That's because cotton's environmental impact varies greatly depending on farms and regions, and there is no better indicator of this than the quality of the land where it is grown.

When I co-founded Textile Exchange (formally Organic Exchange) 20 years ago, we saw the potential in connecting those at the end of the supply chain to those at the start. It created a space for cotton farmers to talk about the changes they were observing in the ecosystems around them and to have on-the-ground factors influence sourcing strategies.

Two decades later, this approach defines the way we think about cotton. We don't believe in making decisions based on global averages, but in taking a holistic, landscape-level approach that considers the interconnectivity of nature and climate. Tracking soil health, alongside water quality and biodiversity, can give us a much more holistic picture of cotton's impact than focusing on commonly used indicators such as greenhouse gas emissions alone.

From reductions to resilience and reciprocity

Today, Textile Exchange continues to shape a resilient global cotton industry and ensure a

¹Textile Exchange, 2022. "The Preferred Fiber and Materials Market Report." Data preview ahead of release at the end of this month.



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sustainable future for everyone involved in its production.

From farmers to brands, our vision is for everyone along the cotton supply chain to be able to understand how their decisions affect our environment, accessing the data they need to track progress. Increased traceability and assurance will mean stakeholders can feel confident that the sourcing decisions they make are indeed resulting in the impacts they are measuring. Those at the end of the supply chain should have direct, long-term relationships and commitments to those at the start.

Through this collective, connected action, cotton can contribute to our [Climate+ goal](#) of a 45-percent reduction in the greenhouse gas emissions associated with fiber and raw material production by 2030. Beyond that, all agricultural practices used in cotton production can bring measurable positive impacts on soil health, water, and biodiversity.

The pathway to positive impact

So, what do we need to help us to get there? At Textile Exchange, we're focusing on five levers that move us along our journey from reducing negative impacts to accelerating the adoption of practices that have measurable positive ones instead.

1. Educating the industry about inputs with known negative impacts

There are practices within cotton production of which we can already observe the detrimental impacts on the ground. These include the application of pesticides and synthetic fertilizers, which can harm soil health, contaminate ground and surface water, and drift on to nearby crops. For the last 20 years, we've been educating the industry through our tools, reports, and resources, as well as suggesting viable alternatives including crop rotation, manure, and integrated pest management systems.

2. Moving away from measuring global averages and get granular based on local context

We're focusing on specific places and programs, taking a holistic, systems-based approach that considers the regional environmental and social conditions. This means building direct relationships with farmers and understanding their needs and constraints, collecting better data, and providing the industry with tools to understand impacts in context.

3. Raising the bar on "sustainable" or "preferred" cotton by moving from less bad to more good

Subtle improvements associated with doing less harm aren't going to get us to our Climate+ goal. So, we're reworking our definition of what

constitutes a "preferred" fiber or material to reflect key indicators of improvement in soil health, water, biodiversity, climate, and communities. We're also evolving our standards system to focus on tracking positive impacts, instead of minimizing negative ones. In doing so, we're providing the industry with an accurate benchmark against which to measure and improve its sustainability commitments.

4. Scaling a system founded on organic and regenerative agricultural practices

Our end goal is to help scale a global cotton production system that not only works to reduce negative impacts but harnesses the positive co-benefits that cotton can bring to people and the environment. This means transitioning the industry towards organic and regenerative production practices and expanding support for in-conversion cotton too.

5. Reconnecting to the roots of the resources we use

This journey depends on generating and improving access to reliable data, as well as securing traceability in cotton supply chains. Only then can companies take informed sourcing decisions and confidently measure the positive impacts they are having on the ground.

In short, it's about rebuilding the broken links between textile production and people, place, culture, and nature. We must reconnect to the roots of the resources we use and scale a system that gives back to the hands and lands that those resources depend on.

It's this kind of continued commitment that will lead our cotton production model to a resilient and regenerative future.



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Co-founder
Transformers Foundation

The Transformers Foundation was born out of the conviction that a true transformation of denim's impact must start with producers – not consumers, brands or NGOs. Why? Because really doing something about our industry's sustainability impact (however that is defined) requires reinventing how clothes are made, but also the *contexts in which* they are made. Producers are the only ones with this knowledge.

We were founded in 2020 by a small but passionate group of denim-related suppliers committed to amplifying supplier perspectives on sustainable denim. Our founders include cotton farmers, denim mills, cut & sew factories, chemical companies, and even a machinery company.

In the autumn of 2020, while we were in the midst of the Covid pandemic, we published our first deep dive report, [Ending Unethical Brand and Retailer Behavior: The Denim Supply Chain Speaks Up](#), which systematically exposes the ways in which brands and retailers are treating their supply chains unethically, and reported on recent behavior as order cancellations erupted during Covid. The report also put forward eight ethical principles for the purchasing of jeans and denim (which anyone can endorse – more on that [here](#)) that led to the founding of the Ethical Denim Council, a new forum for mediating and arbitrating commercial disputes. Unlike in the raw cotton sector, where disputes are

resolved via the ICA arbitration mechanism, the rest of the denim supply chain tends to have very little recourse for resolving these problems. This makes manufacturers vulnerable to abuses of power by brands and retailers, who may be inclined to leverage their size to offload financial risk on to their suppliers.

In 2021, we shifted our attention to cotton itself. Cotton has something of a bad reputation in sustainability circles. However, we at Transformers Foundation felt that this reputation was undeserved and rooted in misinformation. We joined forces with author and journalist Elizabeth Cline to debunk many of the cotton myths perpetuated by mainstream media. For example, does it really take 20,000 liters of water to produce a kilo of lint? Our report [Cotton: A Case Study in Misinformation](#) takes on this myth – and more – by digging into where the statistic originally came from (spoiler: its origins are obscure and far from credible) and putting forward some more credible, alternative figures.

This year, we're taking on brand-driven chemical safety certification schemes. We decided to address this issue because so many of our friends in the world of denim production were telling us that the system was broken and irrational. This next paper, which will be released in November 2023, draws on interviews with people across the denim supply chain to map out how complicated, confusing and ineffective our chemical certification landscape is. We call for brands to align around a single set of rules governing

chemical management and to rebuild their technical expertise. We also call on brands to treat their suppliers ethically, and to stop using chemical safety as a market differentiator.

Depending on who you speak to, the value of the global denim industry is between \$60 and 90 billion. Ninety-five percent of the investment into sustainability is made by the supply chain – not brands, not retailers and not NGOs. As governments ponder and develop legislation about our industry in their quest to ensure transparency and traceability and to inspire confidence that prisoners or abused workers have not been involved in the manufacture of products that consumers buy, we believe it is essential that representatives of organizations throughout the supply chain are granted a proper seat at the decision-making table, since they have both the experience and expertise to help shape the best policies.

Transformers Foundation is committed to sharing best practices with anyone who wears jeans. In its quest to educate, in 2021 seminars were held in

universities in Mexico, Pakistan, Brazil, the UK and Holland, where students were taught about the entire supply chain from field to retail. Industry was also provided with the [Truth Series](#), in which panels of experts clarify key issues and differentiate reality from misunderstandings.

For those interested in getting involved with Transformers Foundation, please feel free to contact us as we wish to hear voices from all stages of the denim supply chain – including from the world of cotton. We'd love you to write to us, you can [get in touch with us here](#).

When it comes to sustainability in our industry, any long-term solution will require us all to work together: NGOs, brands, retailers, supply chain stakeholders and educators. Separate clusters will never produce the right outcome because what our industry needs most of all is a clear, unified idea of what sustainability is in a cotton context and of how we communicate genuine information to consumers.



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Organic certification fights greenwashing: washing away misinformation

Rebecca Gollin

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Global Organic Textile Standards



Interest in organic textiles has grown along with awareness of environmental issues. Many companies have stepped up to meet increased demand for organic products, incorporating so-called 'green' practices into their manufacturing and business models with the best intentions. But with that growth comes the opportunity to overstate or misrepresent effort and impact. Sustainability, instilled with pure motives, has become a buzzword that too often gets co-opted into exaggerated or greenwashed claims, where a company alleges itself or its products to be doing more to protect the environment than is this case. With few effective regulations to restrict what a company can claim on its label, consumers must rely on their own research to avoid getting scammed, and even the savviest shoppers can be misled.

However, the opportunity for companies to make greenwashed statements is decreasing internationally in response to a rise in legal actions against false environmental claims. There have been a number of high-profile cases against airlines, fashion and beauty companies, and the food and beverage industry, to name a few.

It is only through independent, third-party certification to a transparent and public standard from an externally accredited certification body that a company can guarantee it has complied with the standard, and consumers can be assured that the statements being made are trustworthy. Such a certification can be an essential

part of the solution for companies who want to substantiate their sustainability claims. It can also offer legal protection through traceable supply chains and an increased ability to meet consumer demand for these products. The worldwide leading processing standard for organic fibres, Global Organic Textile Standard (GOTS), is one such solution for the textile sector.

The idea behind GOTS was sparked in 2002, as the adverse effects of the conventional textile industry on the environment and human health were becoming more evident. The global demand for fast and cheap fashion was rising, and it was clear that, if left unchecked, harmful outcomes would lead to increasingly dramatic consequences.

At the time, there were multiple standards available in the small organic sector, many of which were regional or covered only part of the supply chain. This created confusion for producers, retailers, and consumers. There was a clear need for a single, comprehensive, globally recognised standard for organic textiles. Four founding organisations took on the challenge, creating GOTS, which in its vision statement declares that "organic textiles will become a significant part of everyday life, enhancing people's lives and the environment". Twenty years later, there are nearly 13,000 GOTS certified facilities in 79 countries, improving the natural world, the lives of over four million workers and their communities, and the lives of the consumers purchasing organic textile products.

Growing the solution

Creating GOTS by harmonizing these different systems into a common, international standard means that textile processors and manufacturers can export their fabrics and garments with one organic certification that is accepted in markets around the globe. This gives consumers worldwide the power and confidence to choose truly organic products sourced from responsible supply chains. Furthermore, GOTS certification ensures that a final product has been produced in a way that complies with each of the 17 United Nations Sustainable Development Goals, linking ecological services and quality of life with economic growth. Some examples of the requirements of GOTS that address specific SDGs include fair remuneration for workers (SDG 1, 4, 11), prohibiting harmful chemical inputs (SDG 3, 12, 14) and mandating data collection and improvement plans for water and energy use (SDG 7, 12).

GOTS certification can be a unique and important tool for a business's risk management strategy. The Standard is a guide for companies, with up-to-date, revised, scientifically sound, relevant and verifiable criteria, which are recognised and established, mitigating ecological and social risks in the supply chain. More efficient factories, using less water and energy, reduce investment risks for companies. The stringent regulations of the Standard act additionally as an ongoing early warning system for potential threats to the environment and workers. Reputational risk is also reduced, as the fact-based certification system confirms that criteria have been met, making it nearly impossible for a company in the GOTS supply chain to make false or greenwashed claims.

From the moment raw fibre is harvested from certified organic farms, every individual step of processing must be certified for a final product to carry a GOTS label. Strict requirements cover raw material processing, spinning, weaving and knitting, wet processing, manufacturing, packaging, labelling, trading, and distribution. The GOTS Standard consists entirely of mandatory criteria.

The confirmed and documented chain of custody for all materials in the GOTS system provides a traceable origin for organic textiles. But this is not enough! A GOTS certification also ensures that items are processed following stringent environmental and social criteria, from field to fashion.

A standard is only as effective as it is credible. In addition to trust, verification is crucial for building credibility. For that reason, GOTS entrusts certification only to selected professional and independent certification bodies (CBs) that have been accredited by an approved Accreditation Body (AB). ABs must comply

with the procedures of ISO/IEC Guide 17011:2004, "Conformity assessment – General requirements for accreditation bodies accrediting conformity assessment bodies" and must agree to follow GOTS approval and monitoring procedures. Accredited CBs audit certified facilities annually through comprehensive on-site inspections and other monitoring to ensure that all rules of the Standard are met.

The future is green – not greenwashed

The GOTS Standard is regularly updated, with a new version published every three years. In a transparent and inclusive process, GOTS encourages all stakeholders, including associations, organisations, companies, and individuals, to contribute. Drafts are available for public review and input during the revision process. That undertaking has allowed GOTS to grow, change, and continuously improve. The upcoming edition, GOTS Version 7.0, will be finalised in February 2023, for implementation the following year.

Reflecting on the past two decades, GOTS Managing Director Claudia Kersten says, 'We are proud to celebrate the 20th anniversary of GOTS in 2022, because this proves that our work to offer solutions for sustainability-related problems for the entire supply chain of organic fibres is successful. This motivates us even more to strive toward our vision of a future in which organic textiles are a significant part of everyday life, enhancing people's lives and the environment.'

More than just a processing standard, GOTS is part of a community of environmentally and socially conscious players working together to create a positive impact throughout the entire textile processing chain – players with the right mindset, taking sustainability seriously.



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Better Cotton: making sustainable cotton mainstream

Alan McClay
CEO
Better Cotton



Ten percent of the world's cotton sourced as Better Cotton in 2021

As more and more brands and retailers come under scrutiny for their sustainability initiatives, consumers are increasingly demanding that their favourite brands show accountability and transparency in how they source materials such as cotton.

In 2021, 260 of the world's best-known retailers and brands together sourced 2.5 million tonnes of Better Cotton – a record for our organisation and the industry. Overall, this accounts for 10 percent of global cotton production and represents a 47-percent increase on 2020 sourcing volumes.

It's clear that the demand for sustainable cotton is only set to keep growing. Better Cotton is ready to meet the challenge and is working to encourage stakeholders across the entire supply chain to come together

to develop a more sustainable cotton industry. At the end of 2021, Better Cotton launched its ambitious [2030 strategy](#), and the first of five impact targets. In order to maximise impact over the next decade, Better Cotton is focusing on climate change mitigation and adaptation, smallholder livelihoods, soil health, women's empowerment and pesticide use along with other key sustainability issues that are addressed in the Better Cotton Standard.



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Since 2010, we have been demonstrating the power of public-private partnerships to garner action towards achieving more sustainable development in the cotton sector. The results we see at Better Cotton strengthen our conviction that we, and our members and partners, are well placed to continue supporting cotton communities to survive and thrive while protecting and restoring the environment.

Lena Staafgard, COO, Better Cotton

To achieve measurable change at the field level, there is a need for continued collaboration and commitment from all Better Cotton Members and Programme Partners across the cotton sector. While all members play their part in contributing to more sustainable practices in cotton farming, Better Cotton Retailer and Brand Members drive progress through increased sourcing of more sustainable cotton.

Better Cotton's [demand-driven funding model](#) and commitment to farmer centricity means that when retailers and brands source Better Cotton, this directly translates into increased investment in training on better farming practices for more than 2.7 million cotton producers around the world. By integrating Better Cotton into their raw material sourcing strategies, Better Cotton Members are driving demand for more sustainable farming practices worldwide and ensuring that smallholder farmers are rewarded.

A closer look at Better Cotton's impact at the farmer level

For a deeper look at the impact of sustainable farming practices on Better Cotton farmers, the 2020 impact report shares data collected from four of the twelve countries participating in the programme: India, Pakistan, Tajikistan and Turkey.

Better Cotton has increased investment in training on better farming practices for more than 2.7 million cotton producers in 25 countries around the world. It has raised €99 million since 2010 to fund capacity-building and other field-level activities. This was projected to grow to just over €125 million in the 2021/22 season.

The charts below show the clear improvements across water usage, profit and yield, when compared to non-Better Cotton farmers.

In 2020, due to Better Cotton training programmes, farmers showed significant improvements in awareness of issues such as child labour and gender equality, and how to approach those challenges. In Tajikistan, 74 percent of farmers had an advanced level of awareness in child labour issues. In Pakistan 72 percent of farm workers who attended Better Cotton training sessions were women.

This year, Better Cotton announced a pioneering



levels of sourcing – before they can use our logo on or alongside products. Members are also required to explain our mass balance chain of custody system. This level of transparency is central to the credibility and success of our programmes and our ability to create impact for cotton farmers.

Whether new to the Better Cotton network, or long-standing members, thousands of organisations across the cotton sector, including retailers and brands, are contributing to transforming cotton: supporting cotton farming communities

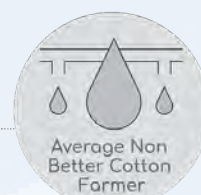
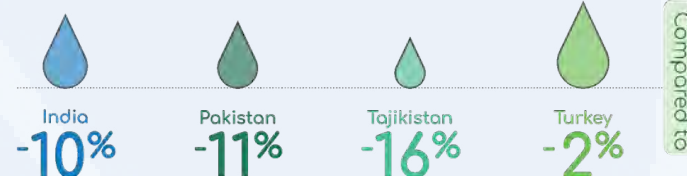
and driving sustainability in cotton farming across the globe.

Read more in our latest [impact report](#).



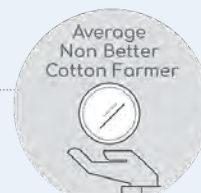
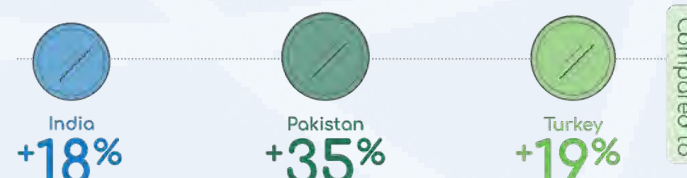
Water

m³/ha



Profit

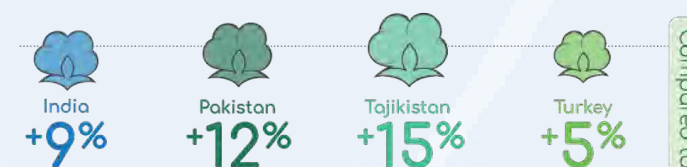
net income/ha



Tajikistan is not included here due to data collection challenges.

Yield

lint mt/ha



carbon insetting mechanism that will improve profitability for Better Cotton farmers, by allowing brands and retailers to incentivise farmers who implement sustainable farming practices. This means that Better Cotton farmers will receive credits for reducing their carbon outputs, increasing the overall benefits for sustainable agriculture. Better Cotton is working with the Clinton Global Initiative in order to identify funding opportunities for this programme.

Engaging the market to drive impact in the field

Many Retailer and Brand Members are major household names with reach and influence across their global supply chains. They have a real opportunity to encourage their suppliers to join and source Better Cotton. Beyond this, they also have the power to communicate their story with consumers, creating further interest in and demand for brands that support Better Cotton. Importantly, Better Cotton provides strict guidelines for members to ensure their marketing and communications are fully substantiated by evidence and tangible progress towards sourcing goals. This means companies must make specific time-bound commitments and targets for sourcing Better Cotton – and demonstrate that they have reached certain

IKEA is one of the founding members of Better Cotton and has been investing in the Better Cotton programme since its inception in 2005. We were able to meet our goal of only sourcing cotton from what we classify as 'more sustainable' sources in 2015 mainly by sourcing cotton through the Better Cotton programme. We are pleased to continue to support Better Cotton as they aim to achieve deeper impacts for cotton farmers and farming communities and seek to make more sustainable cotton the fibre of choice for growers and buyers. Together with other Better Cotton Members, we have been delivering on our sourcing commitments, and today with the joint and concerted efforts of everyone, Better Cotton represents 10 percent of cotton sourced in supply chains, globally. This is a great launch pad for even bigger achievements by 2030, a journey we look forward to being a part of and helping develop even further.

Arvind Rewal, Global Cotton Development Manager, IKEA – Better Cotton Retailer and Brand Member

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