About Textile Exchange

Textile Exchange, founded in 2002, is a global nonprofit organization that works closely with all sectors of the textile supply chain to find the best ways to create positive impacts on water, soil, air, animals, and the human population created by the textile industry. Textile Exchange accomplishes this by providing the knowledge and tools the industry needs to make significant improvements in three core areas: Fiber and Materials, Integrity and Standards, and Supply Chain. A truly global organization, Textile Exchange is headquartered in the U.S. with Staff and Ambassadors located around the world. To learn more about Textile Exchange, visit: www.TextileExchange.org and follow us on Twitter at @TextileExchange.
Textile Exchange had a transformative 2016!

I use the word “transformative” because its meaning goes much deeper than the traditional understanding of the word “change.” An analogy that I often use is that a person can change their socks, but in the end they’re still just socks. To transform those socks, would be to alter their function so that they serve a greater purpose – not only something that protects your feet, but protects the intrinsic value and life the socks represent.

At Textile Exchange, we know that in partnership with you, we are doing much more than “changing” the industry. We are, in fact, transforming the industry through our work in our three core focus areas: Fiber and Materials, Integrity and Standards and engagement with Responsible Supply Networks.

When you see our tagline, “Creating Material Change,” I hope you’ll remember that our work is creating lasting positive effects on water, soil, air, animals and the human population. Our ultimate goal is that future generations will live in a healthy world, free from unnecessary toxins.

As always, we are thankful to Textile Exchange Members and supporters for making our work possible. I hope you’ll join us in the transformation in 2017 and beyond!

La Rhea Pepper
Managing Director, Textile Exchange
## Industry Engagement in 2016

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<th>January</th>
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<tr>
<td>Berlin Fashion Week</td>
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<td>Fairtrade’s Cotton Forum Paris, France</td>
<td><strong>A Guide Through the Preferred Fiber and Materials Benchmark Program</strong> Textile Exchange Webinar</td>
<td>Client Awareness Training Bangalore, India</td>
<td>Asia Supplier Workshop Hong Kong</td>
<td>European RWS Launch Party Friedrichshafen, Germany</td>
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<td>Heimtextil</td>
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<td>Organic Center Dinner Anaheim, CA, USA</td>
<td><strong>Earth Week presentation at Guess</strong> Los Angeles, CA, USA</td>
<td>Denim by Premier Vision Barcelona, Spain</td>
<td>Green Showroom and Ethical Fashion Show Berlin, Germany</td>
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<td>IMM</td>
<td>Milano Unica Milan, Italy</td>
<td><strong>Launch of the Responsible Wool Standard</strong> Textile Exchange Webinar</td>
<td><strong>Izmir Textile Sustainability Workshop</strong> Izmir, Turkey</td>
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<td>The Warp and Fill of TE's New Material Snapshots Textile Exchange Webinar</td>
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| AAFA Environmental Committee Meeting  
Austin, Texas                | European Outdoor Group  
Barcelona, Spain              | 2016 Textile Sustainability Conference  
Hamburg, Germany               | Chapman University  
Orange, CA, USA                  | Circular Systems: A strategy for safely staying within planetary boundaries  
Textile Exchange Webinar         |
| Intertextile  
Shanghai, China                 | Munich Fabric Start  
Munich, Germany                  | Organic Cotton Round Table  
Hamburg, Germany                 | Cotton – Weaving  
Opportunities for Latin America And The Caribbean, Paraguay  
Asunción, Paraguay               |
| N. American RWS Launch Party  
Salt Lake City, UT, USA         | Texworld Paris  
Paris, France                    | Savory Institute Conference  
Boulder, Colorado               | Fashion SVP  
London, UK                        |
| N. American, West Region Workshop  
Los Angeles, CA, USA            |                             | Seed Workshop  
Hamburg, Germany                 | First National Seminar on GOTS Certification  
Dhaka, Bangladesh                |
| Outdoor Retailer  
Summer Market  
Salt Lake City, UT, USA         |                             |                                | EU-China Forum on Sustainable Value Chains In Textile Industry  
Beijing, China                   |
| Overview of the 2016 Organic Cotton Market Report  
Textile Exchange Webinar        |                             |                                | Lenzing Summit  
Vietnam                            |
| Overview of the 2016 Preferred Fiber and Materials Market Report  
Textile Exchange Webinar        |                             |                                | RWS Brand Training  
Milan, Italy                        |
| RWS Brand Training  
Salt Lake City, UT, USA         |                             |                                | UL Responsible Sourcing Summit  
Barcelona, Spain            |
Membership

Textile Exchange realizes that our work is made possible by our Members. In 2016, we were able to achieve so much because of engaged Members in various working groups, through their financial support of projects and events, and much more. Textile Exchanges 204 Member companies are key drivers in the transformational change that we are achieving.

NEW Members joined Textile Exchange in 2016.

64

136

Loyal Members renewed their company’s membership during 2016.

2016 Textile Exchange Members

AATCC (American Association of Textile Chemicals and Colorists)
AB Lindex
Adidas Sourcing Ltd.
Akasya Tarim Urün. A.S.
Alexander McQueen (AMQ)
Appachi Eco-Logic Project
Armstrong Spinning Mills (P) Ltd.
Arvind Limited
Arvind Limited Farm Project
ASOS.com
Aventura Clothing/Sportif USA
Azureland Organic Co., Ltd.
Baur Vliesstoffe GmbH
Beechfield Brands Limited
Bennett & Company
Bergman/Rivera SAC
Better Cotton Initiative (BCI)
Biocotton (India) Pvt Ltd/Sustainable Cotton Consultancy
Boll & Branch LLC
Brown and Wilmanns Environmental, LLC
Burberry
C&A Buying
C&A Foundation
Carhartt, Inc.
Change Agency
Chetana-Vikas
Chia Her Industrial Co., Ltd.
ColorZen
Concept III International
Control Union Certifications
COPROEXNIC
Cotton SA T/A the Sustainable Cotton Cluster
CottonConnect
Country Road Group
Coyuchi, Inc.
CVS Distributor
Cycleffect Regenerative Ventures
Darlington Fabrics Corporation
David Jones | Woolworths Holding
Deer Creek Fabrics, Inc.
Desigual
Dibella
Disgustingly Organized
DyStar
Eagle Creek
Eastpak
ecoCentric Ltd.
Eddie Bauer
Egedeniz Tekstil A.S.
Eileen Fisher, Inc.
Eshika and Aditya Cott Fiber
Esprit Europe Services GmbH
Esquel Group
European Outdoor Group
evru
Fabrikology International

…continued on next page
Join us in transforming the industry! If you’re not a member, join today. Also keep an eye on www.TextileExchange.org for other upcoming events that you can participate in, including the 2017 Textile Sustainability Conference that will be held in Washington, D.C., the week of Oct. 9, 2017. See you there!
Learning Center

In 2016, Textile Exchange introduced this powerhouse repository of tools and resources! Our goal with this resource is to provide Textile Exchange Members unique access, based on their respective Membership levels, to the various reports, data, analytics, snapshots, video recordings, and publications Textiles Exchange produces. For the broader industry, Textile Exchange continues to provide access to information through specific reports as well as samples of Member only content.

The content in Textile Exchange’s Learning Center continues to reinforce our core pillars of value: Fiber & Materials, Integrity & Standards, and Supply Network.

Some of the content that can be found in the Learning Center includes the array of Textile Exchange produced industry leading publications and reports. These include the Organic Cotton Market Report, Preferred Fiber and Materials Market Report, Material Summaries and Snapshots, and other valuable fiber and materials based offerings.

The history of Textile Exchange’s work is deeply embedded in standards and certifications, with a solid footprint in our owned and managed standards (see page 15). To help Textile Exchange Members understand and navigate the general concepts of standards, their benefit in the value network, as well as the claims one can make in the marketplace; documentation on standards, such as the Certification Toolkit, is also available in the Learning Center.

Visit the Learning Center at http://textileexchange.org/learning-center/ to find a treasure-trove of “how-to” assets to help in achieving company goals and objectives.
Conference

Textile Exchange’s annual, global conference provides a space for people to come together to connect, share progress, knowledge, and collaboratively create solutions that lead to industry transformation.

The 2016 Textile Sustainability Conference, held in Hamburg, Germany on October 4-7, was themed around Preferred Fiber and Materials – Creating Material Growth. The event featured progressive sessions led by the world’s foremost thought leaders and included hands-on learning and networking opportunities.

Over the course of the week, between the Conference, the Organic Cotton Round Table, and the Seed Meeting, Textile Exchange engaged with approximately 420 people representing 225 companies from 39 countries around the globe.

Download the 2016 Conference Overview Report to review highlights and summaries from this event.

Join us in Washington, D.C., October 9-13 for the 2017 Textile Sustainability Conference.

“The TE Conference is the most legitimate and effective global forum for sustainability in the fashion and textile industry.”

~Isaac Nichelson, CEO/Founder, Sustainable.Source.Studios
Consumer Engagement

2016 presented opportunities for Textile Exchange to create greater awareness about consumer choices and our work through the development and revamping of consumer focused websites.

These websites include:

- AboutOrganicCotton.org
- ResponsibleDown.org
- ResponsibleWool.org
Focus Area Highlights from 2016:
Fiber and Materials

The industry relies on Textile Exchange’s expertise when making informed decisions about which preferred fibers and materials to use and in communicating a product’s sustainability attributes to consumers.

**Benchmark data collection**
Grew 40% from the pilot program that started in 2015. The tool provides a robust structure to help companies systematically measure, manage and integrate a preferred fiber and materials strategy into their mainstream business operations.


**GMO Whitepaper**
Textile Exchange received requests from Member companies to help them better understand and address GMO contamination in organic cotton. To support Members on this important issue, Textile Exchange created a Member brief, white paper and webinar series laying out the background to GMO contamination and the considered and evidence-based courses of action that could be taken.

**Innovation Lab**
The Organic Cotton Round Table Innovation Award 2016 attracted innovative entrepreneurs from across the industry, All finalists impressed the judges. After much discussion, SmartFarming’s cotton app was named runner-up and first prize went to Erdbeerwoche - an initiative that encourages women to use their purchasing power to make feminine hygiene more sustainable.


**Market Reports**
Textile Exchange’s annual Organic Cotton and Preferred Fiber and Materials Market Reports respectively provides a deep dive into the global production, consumption, key trends, challenges and opportunities, and inspiring stories with a focus on growth and changes in the industry.


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"Tchibo was delighted to be supporting Textile Exchange’s benchmarking initiative again in 2016. We were pleased to see the 2015 pilot flourish into year one of a fully-fledged program. At Tchibo, we have an ambitious sustainability program with a focus on fibre use. The benchmark is an extremely valuable opportunity to reflect on progress internally and see our own position in the sector. We encourage others – whether just getting started or further down the track – to get involved and be part of this global program."

~ Stefan Dierks, Head of CR Product & Strategy at Tchibo"
Material Snapshots

In 2016, Textile Exchange produced 29 new snapshots offering a deep dive into different fibers and materials, covering both “preferred” and “conventional” options.

Designed with the more technical user in mind, the snapshots combine available LCA data and information with detailed literature reviews to provide comprehensive but succinct analyses.

Organic Cotton Round Table

The 2016 Organic Cotton Round Table (OCRT) gathered a record 220 thought leaders, farmers, textile and fashion industry executives to shift the conversation from “commodity” to “community” with power-packed interactive sessions in Hamburg, Germany. In its fifth year, the OCRT is fulfilling its promise as a platform for all and an incubator for great ideas. In Hamburg, the OCRT took another step towards creating a movement. A movement of the "Massive Small"!

Seed Summit

The Seed Summit was a continuation of the work of the Organic Cotton Round Table’s Seed Task Force. It was an open meeting to anyone with an interest in the future of seed in a time of climate change, concerns for biodiversity and inequality in seed access.

Working Groups

Textile Exchange created cross-industry working groups focused on Bio Synthetics and Recycled Polyester, respectively. These working groups bring together the knowledge and expertise required for promotion and development of these fibers across Textile Exchange’s Member base.

OCRT Interview Series

Another highlight from Hamburg was the recording of the “Out of the Box” OCRT Thoughtleader Interview Series. Re-cap here:


Focus Area Highlights from 2016:
Integrity and Standards

Standards and certifications are one of the most powerful transparency tools in the industry. Textile Exchange certifies best practices in farming, animal welfare, recycling and product processing.

**Responsible Wool Standard**
The Responsible Wool Standard (RWS) became available for certification in June 2016. The Standard is a global benchmark for animal welfare and land management practices in sheep farming. The goals of the standard are to provide the industry with the best possible tool to:

- Recognize the best practices of farmers around the globe.
- Ensure wool comes from responsibly treated sheep and from farms with a progressive approach to managing their land.
- Build communication and understanding between farmers, consumers and brands.
- Provide a robust chain of custody system from farm to final product to ensure consumer confidence in RWS products.

Developed through an International Working Group (IWG) in an open, multi-stakeholder process, the Standard provides the industry with a tool to ensure sheep are raised with respect to their Five Freedoms, prohibits mulesing, and includes strict guidelines on other practices such as tail docking, shearing, and on-farm slaughter. Farms will be required to have strict management practices in place for the protection of land used for raising sheep.

http://responsiblewool.org

**Responsible Down Standard**
The Responsible Down Standard saw 148% growth in the number of units certified from 2015. There were 239 units in 2015, and 592 units in 2016. In particular, we have seen an increase beyond the outdoor industry and into the home and bedding sector.

http://responsibledown.org/

**Revision of Content Claim Standard and Organic Content Standard**
After a year-long multi-stakeholder review, Textile Exchange released the Content Claim Standard (CCS) 2.0 and Organic Content Standard (OCS) 2.0. The CCS is used as the chain of custody requirements for all of Textile Exchange’s standards, and therefore, changes in CCS 2.0 affected all of the standards.

The Organic Content Standard logo use and claims guide was also released in 2016.

http://textileexchange.org/integrity/

**Revision of Recycled Claim Standard and Global Recycled Standard**
In 2016, Textile Exchange launched the revision of the RCS and GRS. Both standards aim to verify recycled material and track the material using chain of custody. The GRS includes stricter content requirements, as well as additional social, environmental, and chemical criteria. The International Working Group for the revision of the standards includes Unifi, Intertek, H&M, Geetanjali Woolens, Control Union, ICEA, Deckers, and others. The revised standards are expected to be released in 2017.

http://textileexchange.org/integrity/
2016 Unit Totals by Standard for a Total of 5,407 Units.

**CONTENT CLAIM STANDARD**

- 13 Units

**Global Recycled Standard**

- 961 Units

**Organic 100 Standard**

- 3,620 Units

**Recycled 100 Standard**

- 220 Units

**RDS Standard**

- 592 Units

**RWS Standard**

- 2 Units
Focus Area Highlights from 2016:
Responsible Supply Network

Textile Exchange helps companies make their supply networks more transparent to enable a path to production in the most sustainable and ethical means.

Textile Exchange provides:
• Data and consulting to help brands map out their supply network from raw materials to final assembly.
• Knowledge and tools about sourcing preferred materials to make claims verifiable.
• Best practices in supply network management, including supply network mapping and regional sourcing strategies.
• Development of regional sourcing strategies — from raw material procurement through final production — emphasizing the importance of supply network partnerships.

Supply Network dynamics can be very complex and challenging. Textile Exchange’s goal is to consolidate and simplify the essentials of what our Members need to know and do to adopt and execute preferred fiber and materials with integrity in the supply network. Regardless of what stakeholder position is held, whether a raw material supplier, a cut and sew factory or a brand, Textile Exchange’s experience, tools, resources, and relationships can help you put the pieces of the puzzle together to create a fully integrated, sustainable supply network. As a result, the entire supply network becomes more collaborative, more innovative, more resilient and more efficient. Sustainability strategies for all stakeholders are improved and strengthened.
With growing concerns about the 85% of global textiles that end up landfilled or incinerated, TE has embarked on an early stage collaborative initiative to better understand the degree of chemical and related contamination in PCT feedstocks, what, if any, actions and work needs to be done to remediate the PCT feedstocks for recycling and upcycling back into the system, and what kind of testing and/or standards need to be developed to provide assurances of safe and clean feedstocks to the industry.

With most preferred fibers and materials at a raw material cost disadvantage on a product costing/margin level, the intent is to incentify adoption of preferred fibers by brands through a legislative mechanism that provides a tariff reduction for preferred material usage. Details of targeted fibers and materials, product categories, manufacturing regions are yet to be determined but include some of the many aspects of what this initiative seeks to accomplish, resulting in some kind of legislation at the U.S. federal level. The initiative was recently seed funded by the Levi’s Collaboratory based upon a grant submission from Outerknown.

This early stage multi stakeholder collaboration, with 10 brands, suppliers, and like minded organizations in the home and hospitality sector, was established at TE’s 2016 Annual Sustainability Conference. Out of this launch gathering, sector goals and objectives were established and the group is working towards a 3 year strategic plan to accomplish those goals and objectives and to remain a viable and productive ongoing force for transformation in this sector.

In Hong Kong in June 2016, Textile Exchange hosted a highly informative workshop tailored specifically for suppliers and manufacturers in the Asia region. This workshop was designed to introduce attendees to Textile Exchange and familiarize them with who we are and what we do. The focus of the workshop was on two core areas of Textile Exchange’s work: Preferred Fiber and Materials and Standards and Certification.

View Upcoming Events: http://textileexchange.org/events/
Call to Action

The integration of an informed Fiber and Material strategy, connecting to the Supply Network in a way that strengthens Integrity is the formula for creating positive impacts.

Join Textile Exchange, become an agent for action and transformation.
Financials

At a glance

Income Sources

Grants and Program Funds 17%
Membership 25.7%
Conference 15%
Certification Fees 42%
Consulting and Trainings .3%

Grants and Program Funds $404,933.78
Membership $604,775.00
Conference $344,162.77
Certification Fees $980,444.72
Consulting and Trainings $7,125.00
Other $11,038.67

Total 2016 Revenue: $2,354,495.94

Expense Sources

Membership Services and Communication 17%
General and Administrative 17%
Conference 13%
Farm Engagement/ Fiber & Materials 25%
Industry Integrity 25%
Learning Center and Supply Chain 1%
Fundraising 2%

Membership Services and Communication $337,263.66
General and Administrative $339,417.00
Conference $247,189.56
Farm Engagement/ Fiber & Materials $496,660.29
Industry Integrity $497,903.11
Learning Center and Supply Chain $8,606.24
Fundraising $46,983.68

Total 2016 Expenses: $1,974,023.54
Textile Exchange Leadership (as of May 2017)

Governance Board

Ben-Zekry, Barruch  VF Corporation
Carey, Tricia  Lenzing
Chacon, Cara  Patagonia
Foglia, Paolo  ICEA
Inagaki, Mitsuya  Kowa Company
Magruder, Karla  Fabrikology
Masterson, Elayne  Esquel Group
Mead, Ben  Hohenstein Institute
Millard-Nutt, Cheryl  Nike Inc.
Prose, Mark  Control Union
Quinn, Shona  Eileen Fisher, Inc.
Streubig, Andreas  Otto Group
Thorson, Sarah  Target
Wheeler, Jerry  Ecocentric Brands
Zaroff, Marci  Under the Canopy
Advisory Council
Cooper, Simon
Donthi, Narasimha
Ducoin, Eric
Garkhel, Subindu
Granger, Sevilla
Hertzman, Edward
Kaygusuzer, Ferdi
Mott, Adam
Rajan, Sreeranga
Ravasio, Pamela
Ward, Alison
Williams, Amy
Wilmanns, Eric

Textile Exchange Europe Board
Ambatipudi, Arun
Bhardwaj, Prama
Chinnaswamy, Mani
Crowley, Helen
Dahlberg, Anna-Karin
Karmarkar, Avinash
Ramsden, Ben
Schultz, Heinrich
Shah, Amit
Unsal, Aydin
Van Steenberghe, Bruno
Yeung, Tong

Cooper, Simon CSR Consultancy, Ltd.
Donthi, Narasimha Chetana Society
Ducoin, Eric Sustainable Cotton
Garkhel, Subindu Fairtrade Foundation
Granger, Sevilla Gap, Inc.
Hertzman, Edward Sourcing Journal
Kaygusuzer, Ferdi Egedeniz Tekstil
Mott, Adam Consultant
Rajan, Sreeranga Dibella
Ravasio, Pamela European Outdoor
Ward, Alison CottonConnect
Williams, Amy California College
Wilmanns, Eric Brown & Wilmanns

Chetna Organic
Mantis World
Appachi Cotton
Kering
Lindex AB
Pratibha Syntex
Resonance
OrganiMark
Spectrum
Egedeniz Textiles
Greenlama SPRL
Mecilla
Textile Exchange Staff and Ambassadors

Our 20+ Staff and Ambassadors reside in over 10 countries around the globe.