Round Tables In Action
Washington D.C 2017

Preferred Fiber & Materials
Round Tables
Growing Our Platforms For Collective Action And Incubation Of Great Ideas

As we spread our net wider to cover a range of Preferred Fibers and Materials, this year, the Round Table format evolved to offer a powerful combination - both focused sessions on specific fibers and materials, and the opportunity for the organic cotton community to come together to build regional strategies.

This year, the magic of the Organic Cotton Round Table (OCRT) was rolled out to a broader group of stakeholders working to improve textile sustainability. The timing was perfect for Textile Exchange’s round table model to embrace other preferred fibers & materials (PFM), including recycled polyester, biosynthetics, and man made cellulosics, while maintaining organic cotton as our “gateway” fiber.

By “gateway” we mean that, for us, organic cotton has always been a hotbed of innovation and experimentation. In 2011, we announced a Call To Action and launched the Round Table. We know that organic cotton can positively disrupt conventional models in both cotton production and in trade (see the recent guide to organic cotton trade models published by Kering and Textile Exchange), but the barriers to growth are persistent. Swimming against the tide of conventional practice is tough – and it takes courage to stay true to a vision and mission, especially one that doesn’t slot easily into current “commodity” business models. For these reasons, the OCRT has become both a haven and a home for the organic cotton community to come together, exchange ideas, catalyze new ways of working together, be courageous but also to have some fun (see our Innovation Awards ceremony). Now we want to do the same for the communities forming around other important fibers – from synthetics to man-made to animal fibers.

The PFM Round Tables day is designed to be highly interactive and action-oriented, giving attendees the chance to roll up their sleeves and bring into action the rich content shared during the preceding two days of the Textile Exchange Conference.

Since it’s getting close to holiday season for many of us, I think the old English proverb “the proof of the pudding is in the eating” is very appropriate here. This report gives you a taste of the wonderful dialogues and outcomes from the day… and an appetite for more!

We began the PFM Round Tables day by drawing on the opinions of five global leaders and their connection with the Sustainable Development Goals (SDGs). How will the SDGs impact the textile world and how will the textile industry help society meet the SDGs? What will we have achieved by 2030? The SDG theme connected with the overarching conference theme of “United By Action – catalyzing the Sustainable Development Goals in Textiles” and set the tone for the rest of the day.

We hope you enjoy the highlights in this report, and a big thank you to those who have partnered, participated in and helped us on the day. Plus, a warm welcome to those of you planning to join us around the Table going forward.

Liesl Truscott
Materials Strategy Director

Front Cover Photo: Left - Brian Backe (Catholic Relief Services), William Jasper (Two Eleven Associates/previously CEO at Unifi), Reiner Hengstmann (go4more), Amit Shah (Spectrum International) and Felipe Arango (BSD Consulting). Right - Ellie Skeele and Sandy Poole (Himalayan Wild Fibers).
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The United Nations Sustainable Development Goals (SDGs) are providing a new organizing framework for us all. We took a trip into the future, and asked our panel to take themselves forward to the 2030 deadline. What will their story be in 13 years’ time? A fascinating thought experiment led by Felipe Arango, Partner at BSD Consulting, with panelists including: Brian Backe, Senior Director of the Programs and Resources Unit, Catholic Relief Services; Dr. Reiner Hengstmann, Founder, go4more.global; Bill Jasper, President, Two Eleven Associates (previously CEO at Unifi); and Amit Shah, CEO, Spectrum International Pvt. Ltd.

The SDGs are an important framework to build a common language and advance a common purpose across actors in the textile sector, says Felipe Arango. Aligning with them can augment the potential to create symbiosis amongst brands, public and development agencies and investors. Organizations like Textile Exchange can use them as a framework to tell a story of collective impact, to catalyze learning and establish benchmarks.

Bill Jasper says the SDGs are an excellent blueprint to help drive sustainable improvement in the lives of all global citizens. The Global Goals are interconnected and efforts in pursuing any one of them should consider the impact on the others. For instance, the pursuit of sustainable textiles should also financially benefit a company, driving job growth and employee wealth. This will take a thoughtful and creative approach to the planning and execution of a circular supply chain.

For Amit Shah, the SDGs can become a universal common language for private and public sustainable strategic initiatives, connecting micro to the macro. A lot more work remains both in terms of interpretation and implementation before we see this potential turn into reality... Textile Exchange could play a pivotal role in making this bond strong in the sustainable textile space!

Reiner Hengstmann looks for a united approach: The industry has to focus on cooperation because only as a whole will we achieve our goals. People have to see the benefit of buying sustainable products and the positive change that is initiated through them, from the workers in the supply chain to the shops where they are sold and the global environment they are produced in. Textile Exchange, with its global members, could be an initiator, change maker and enabler within our industry to ensure that the implementation of the SDGs will be successful. I personally do not want to look for excuses in 12 years to explain to my son why we have not achieved that which could have been achievable.

And in Brian Backe’s view, the Millennial consumer is the key: by 2030, he hopes to see:

- An Integrated Movement - with collaboration between NGOs, businesses, and producer groups - with governments providing the supporting environment.
- Producers At The Table - There are millions of smart, well-educated people in the developing world who have a lot to contribute to this conversation, especially on the supply side.
- Millions of Engaged Consumers - Consumers are key and many of them are interested in some dimension of SDGs that touches their lives. But no one is interested in all of them, and certainly NOT packaged as SDGs. We need to craft messages that resonate with consumers.
Biosynthetic fiber forms part of Textile Exchange’s portfolio of preferred fiber and materials due to its production from either part or 100% renewable feedstocks/raw materials. Textile Exchange’s Biosynthetics Working Group kicked off in 2016, and has since attracted much interest from those keen to learn more about this emerging area. The first task of the Working Group was to research and create a new microsite, which attendees of this meeting were able to catch a sneak preview of ahead of its upcoming release.

OBJECTIVES:
To give a preview of the soon to be launched biosynthetic microsite and to create a collective agenda outlining where Textile Exchange’s Biosynthetics Working Group should prioritize efforts in 2018 (funding permitting).

OUTCOMES & NEXT STEPS:
Textile Exchange’s Biosynthetics microsite (version 1.0) to be launched in Q4 2017.

• Priorities for the Working Group going into 2018 (funding permitting) include:
  • Education - further develop products and tools such as webinar series and additional information/resources to be added to the Fiber & Materials webpages and new microsite.
  • Development of an online discussion platform (or more fully exploit LinkedIn for group discussions).
  • GMO consensus - continue the dialogue on the use of GMOs in biosynthetic and reach a consensus within the Working Group.

HIGHLIGHTS:
• The aim of Textile Exchange’s new microsite is to be the go-to resource for reliable, well referenced information on biosynthetic raw materials through to fibers, fabrics and products, and to be easily understandable for a general audience.

  • Not all biosynthetics are equal when comparing life cycle assessments. Choice of feedstock and processing routes are of key importance.
  • A roadmap of biosynthetics is needed so a strategic approach can be applied to the work required for this to become a more mainstream preferred fibre.
  • There are many factors that effect the scale up of biosynthetics including, but not limited to: driving economies of scale across industry; sustainable attributes; performance properties; and integrity. These need to be addressed in order to be able to scale up biosynthetics.
  • For companies, it is important to start seeding biosynthetics as a part of their preferred material portfolios.
  • The integrity landscape regarding biosynthetic remains confusing right now – what can be done to demystify it? Do we need standards or certifications? If yes, what should they cover? Biosynthetics differ quite vastly from one another, so it might be difficult to create broad standards.
  • It is important to look at the end of life options for biosynthetics as they vary greatly. Closed-loop and recyclable options are important.

  • The group carried out a mapping exercise to prioritize actions needed from the industry to scale biosynthetics between now and 2030. Some of the short-term priorities identified include: investment in innovation, information sharing (such as through Textile Exchange’s new microsite), LCAs, and feedstock/traceability certification.

[Table about priorities and actions]

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Manmade cellulosic fibers (MMC) (Viscose/Rayon, Lyocell, Modal) are the second most used group of cellulosic fibers after cotton, with an average demand of 5-6 million tons annually. MMC volumes are expected to grow fast in the next 15 years, possibly reaching 10 million tons annually.

There is huge potential for sustainable - or preferred - MMC to gain a higher market share: The management of resources and inputs, the efficiency and control of the manufacturing process, as well as a circular approach, can make MMC products a preferred fiber choice. But there is lots to do for preferred MMC to reach economies of scale. Environmental and social challenges are still to be overcome in the forest, the factory, and the marketplace.

OBJECTIVES:
• Understand the actual processes and issues related to MMC production.
• Learn about initiatives, certification and products that can be integrated in a preferred MMC strategy.
• Identify what needs to be done most urgently to transform the value chain of MMC, from forest all the way to the “second life” of a product.
• Call to action – how can we get engaged on a pre-competitive level and what will be our next steps.

HIGHLIGHTS:
The meeting kicked off with inspiring presentations covering all aspects, from feedstock sources to end of life recycling innovations: Canopy announced their achievements with 105 brands and designers; Go4more underlined the chemical burden of MMC processing; Lenzing introduced their global action plan for best practice pulp and fiber production; Stella McCartney explained its requirements for traceable MMC sourcing; Circle Economy highlighted challenges and opportunities for textile to textile recycling; Re:newcell showcased their innovative pulp process; and Evrnu presented their journey towards closed loop production.

All participants were invited to join one of three breakout sessions:
1. Feedstock issues - what is already being done, feedstock categories and alternatives including waste, needs and opportunities

2. Issues in pulp and fiber production incl chemical use - what is best practise and what needs to be addressed

3. Business models, best practise, transparency and cooperation - what is being done and what are the needs and opportunities

OUTCOMES & NEXT STEPS:
• There was a common understanding of the urgent need to act as a sector on several levels:
  - Safe feedstock and alternative feedstock including waste.
  - Transparent supply chains that reduce/eliminate harmful chemicals released in air, water, waste streams.
  - Gain understanding of how to work with a supply chain and how impact can be achieved in mass-production – without higher costs.

• Need to bring all stakeholders together and not duplicate work. Textile Exchange is seen as the platform to initiate a work group; wide agreement to join this group.

Download Man Made Cellulosics Round Table Agenda
In 2016, Textile Exchange launched a Recycled Polyester Working Group, led by board member Karla Magruder of Fabrikology. The vision of the Working Group is for virgin polyester to be replaced by recycled, for the market to outline and develop the required products, and for work to be done to allow the industry to reach economies of scale.

OBJECTIVES:
- The Recycled Polyester Round Table 2017 provided the space for the Working Group – plus other interested stakeholders – to come together and discuss key issues in the sector, and to plan and prioritize goals for the Working Group in 2018.

OUTCOMES & NEXT STEPS:
- Identify/vet/choose which recycling technologies are to be supported by the group
- Recruit beverage manufacturers, financiers and distributors to join the Working Group
- Global mapping of supply/demand to understand the hotspots where an increase in supply is most needed. Use data to set realistic 2030 goals.
- SWOT analysis of existing supply chains – how can we help suppliers weather market shocks?
- Increased use of HIGG to create better alignment between sustainability/performance.
- Identify how much polyester is made from fossil fuel vs how much we want to convert to rPET
- Increase education and awareness of recycled polyester/recycling for industry and consumers.
- Agree on terms/communications to be shared broadly.

HIGHLIGHTS:
- 45 companies have now signed the commitment to increase rPET usage by at least 25% by 2020 (or signed in support of the commitment, in the case of suppliers). This will be measured via Textile Exchange’s annual Benchmark Program.
- Key market requirements were identified as: Greater traceability; Clear view of existing suppliers; Credibility; Scalability – availability, blends; Collaboration/partnerships across supply chain in projections/forecasts/commitments;
- Pricing - Further transparency into costs, clarity on basic pricing vs premiums (scale, “Eco tax”, Demand (brand), Low price of virgin [over capacity])
- Need to compare and contrast post consumer bottles vs textile to textile recycling
- Minimum order quantities still a big challenge for small brands
- Need greater clarity on rPET index
- Need to make sure beverage industry (trade assoc. Napcor/APR), distributors, healthcare and uniform providers are in the mix.
- Chemical contamination/composition (especially from textile feedstock)
- A microsite was deemed essential for the industry
  - It should include: definitions; FAQs; cost drivers; testing specs; supplier landscape; links to RCS/GRS standards; resource page (other orgs can add to this – e.g. Circular economy, Fashion for Good, European Outdoor Group).
  - Audience - the target audience for the microsite will be fellow brands and retailers
  - Need to be consider what resources are available to create, design and execute the microsite
This group explored the need for organic (and other sustainable agricultural standards) to go beyond compliance by incorporating a performance improvement culture and measuring impact. The conversation picks up on last year’s “Organic Beyond Certification” discussions during the Hamburg OCRT. The ultimate goal is that farmers’ investment in standards results in financial reward and a sustainable, regenerative farm system. Investment would most likely involve a wider group of stakeholders such as bankers and the investment community, governments, and even consumers.

OBJECTIVES:
To explore the challenges and opportunities in measuring impact associated with sustainable agriculture and link to incentivization schemes.

HIGHLIGHTS:
- Sustainability standards and certifications are important tools for guiding improved practices and ensuring integrity, but certification can be expensive.
- Organic cotton farmers collect (or have potential to collect) substantial amounts of data and hold this within Internal Control Systems (ICS). The ICS is often held at an “aggregator” level – particularly when small-scale farmers work in groups. What opportunities are there to more efficiently leverage and share this data e.g. through digitalization? What are the platforms and systems we need and how can we create a common understanding/platform for delivery?
- Progressive cooperative-style farm management structures hold the key to small-scale farmer resilience.
- Looking at other sectors/commodities such as coffee may be helpful for cotton. Much work has been done on pre-competitive collaboration, KPI and data management systems, story telling and linking growers to consumers, investment in the future and figuring out access to finance.
- Incentivization schemes and and finding ways to reward good practices is critical for long-term supply security.
- Carbon Insetting could be interesting, and learning from tree-planting programs such the Smallholder Farmers Alliance/Timberland project in Haiti.
- The emerging focus on regenerative organic agriculture and the new “ROC” Standard focuses on carbon and could map to investment-incentivization opportunities such as carbon insetting.

OUTCOMES & NEXT STEPS:
- Research ways to leverage existing farm data banks (such as ICS).
- Learn from other commodities.
- Explore farm level data collection technologies.
- Explore opportunities to align with the regenerative agriculture agenda.
- Textile Exchange and Soil & More poised to undertake Full Cost Accounting project.
Technology has changed the way we access information and is the most significant contributor to our hyper transparent world. Alongside fair economics, rule setting, and the softer requirements of respect, fairness and honesty, technology will be a key part of the solution to build integrity. This session explored the relationship between transparency and trust, and how technology can facilitate both by providing a platform for shared value and more responsible, resilient supply networks.

**OBJECTIVES:**

To explore how technology is providing a platform for creating shared value and more responsible, resilient supply networks.

**HIGHLIGHTS:**

- It was discussed how the word "transparency" is interpreted by different parties in the supply network. On the one hand, customers and brands think “transparency is good” and farmers/factories should be transparent; on the other hand, farmers and suppliers view it as “a lot of extra work” and do not understand why brands don’t trust them. It was agreed that for a supply network to be transparent, there needs to be open communication between parties to move from distrust to trust. With a shared understanding, transparency can then help build trust between parties (not the other way around).

- There was a recognition by brands through the discussion of how transparency requirements made farmers / factories feel in terms of mistrust and that what they were looking for was freedom within a pre-defined framework.

- It was discussed that both transparency and technology are tools to support strong and sustainable supply networks but don’t by themselves deliver that.

- There was general agreement on a need to focus on trust first. Producers (particularly farmers/factories) were more motivated to act with transparency if they felt that other stakeholders were committed to stick with them, communicate about problems and discuss them up-front, encouraging trust between parties.

- The group discussed the benefit of including transparency within the business case for entering into a supply network relationship and how, by doing so, the relationship could be more sustainable by building in two-way communication rather than just bottom-up transparency as a reporting tool.

- The group also explored different sustainable supply networks and concluded that, while technology enables transparency, technology in itself does not deliver it.

- It was agreed that both transparency and technology are tools to support strong and sustainable supply networks but don’t by themselves deliver that.

**OUTCOMES & NEXT STEPS:**

The session concluded that it is not really about technology - technology is only one tool to build transparency. Transparent supply networks are built by understanding the value of transparency at all levels of the supply network, and the benefit and cost to each party. Open-communication between parties fosters trust and accountability of each stakeholder.
The Fair Financing Working Group aimed to understand the financing needs of organic cotton programs and how to meet those needs through the construction of investment models that could be scaled and replicated. Questions were asked such as - why have successful organic cotton investments been so sparse? Where are the pain points and leverage points in the supply chain where we need to focus? Who do we need to get around the table to make the fair financing vision a reality? The full meeting summary is available here.

OBJECTIVES:
The objective was to use the expertise of those participating in the session to hone in on the necessary elements to create a sustainable and replicable investment model for organic cotton. The group wanted to create clear action items that would allow it to take concrete steps forward in making fair financing a reality for organic cotton projects on the ground.

HIGHLIGHTS:
The main needs in organic cotton financing were identified as: building the resilience of smallholder farmers; spreading best practices of existing programs; how to get capital to the last mile and correctly identify financing needs on the ground; how to finance the transition to organic; and how to get cheaper finance to farmers. This discussion made it clear that finance for the farm group should be the focus of proposed investment vehicles as that is the key to getting a working project (in terms of production and impact).

The group mapped out and discussed some existing projects in the sector. In general, it was felt that the organic cotton sector might not have a great understanding of the current state of play concerning investment and that a more in-depth mapping exercise would be useful.

- Roadblocks to achieving fair financing models in the organic cotton sector were identified as: lack of info/data from the field; lack of infrastructure; high interest rates; lack of confidence; and general supply chain problems.

- Solutions suggested include: new technologies; pursuing a collaborative design effort in creating programs and financing; greater transparency; blended finance/risk tranches; involving brands/the market in the solution; and ensuring a way to de-risk projects, lower interest rates, and ensure good internal credit for the organizations.

- Stakeholders needed around the table to make a fair financing model a reality we identified as: financial institutions; brands/the market; technology partners; farmers/farming groups; development agencies and government; investors; input provider; intermediaries such as and certification bodies; and the final consumer.

- The group also explored different sustainable supply networks and concluded that, while technology enables transparency, technology in itself does not deliver it.

OUTCOMES & NEXT STEPS:
- Move this work forward with follow up calls.
- Textile Exchange to provide recommendations of additional stakeholders to involve, plus data/knowledge on the sector.
- Continue mapping the needs of each stakeholder and what each can bring to the table. Identify problems that need to be solved based on this mapping. Where are the holes?
- Organize calls for each stakeholder group.
- Segmentation: 1) supply chain to help approach investors; 2) types of financing, and 3) expected social/environmental outcomes of projects/programs
- The overall aims are for farmers to be serviced by the community and market to follow, and the protection of social/natural capital.
OBJECTIVES:
To discuss and explore mobilization around in-conversion cotton, and determine market-driven strategies to support farmers through what is perhaps the riskiest stage of the process.

HIGHLIGHTS:
• It’s important to understand the current landscape by answering questions such as:
  - What are the various legal options available in different countries (transitional, conversion, bio)?
  - What type of certification is available to the farmers in different countries and regions?
  - Are there opportunities to tie into FairTrade Programs?
• Existing programs for in-transition cotton exist in:
  - India (Itochu and kurkku have a “Pre-Organic Cotton” project)
  - Texas
• What factors will support success?
  - Clear Market Signals
  - Dedicated programs
  - Farmer training
• What are the linkages with food?
  - Kashi program (Certified Transitional Initiative)?
  - The whole farm converts – not just cotton – so how do we tie to rotation crops/ feed/ oil/ other options?
  - Consumer awareness – currently much more established for food than fiber
• Engaging brands and highlighting their leadership in supporting the years of change is important, both for:
  - Existing brands that have strong organic programs to start a targeted line
  - New brands – this could be a point of entry to expand or to convert existing supply networks

OUTCOMES & NEXT STEPS:
A Task Force will be created. Nova Sayers of NSF/ QAI has offered to co-chair.
Seed is where cotton textiles begin. The seed industry and textile industry are intrinsically linked. Seed is political and seed is big business. As the climate changes, water becomes scarcer, and smallholder farmers become more at risk, seed becomes an even greater dilemma. Brands and retailers, pulling the supply “chain”, have a role to play in the future of cotton, as does the public sector, and we need to organize around seed. This group explored the question of what can and what should the textile industry do?

**OBJECTIVES:**

To explore and identify ways in which the textile industry can best engage in seed.

**HIGHLIGHTS:**

**General variety development and availability:**
- The market for organic cotton planting seed is at this point too small for typical seed business to be interested in supplying, especially in regions with commercial GMO seed.
- It’s generally recognized that available varieties in most regions are developed under conventional production and may not be ideal for organic production.
- Breeders in the public sector often have to deal with the mindset that cotton cannot be grown without chemicals.
- Need: Dedicated band of good breeders with passion for the organic mission funded by industry that benefits (textile? retail? — the appropriate industry probably differs by region)

**Economic and technical restrictions on appropriate seed availability:**
- The supply chain needs a better understanding of how strict tolerance requirements and unreliable testing impacts seed supply.
- Tolerance levels should be re-assessed at the retail level (as of now they are “zero” GMO), with better understanding of certification standards and farmer intent.
- India is researching use of diploid species in organic production to foster coexistence between organic and GMO; USA is researching different leaf shape in organic varieties to foster coexistence.
- Breeding projects always need money and patience, but patience before money.

**OUTCOMES & NEXT STEPS:**

- Explore ways to engage the public sector in organic seed development (signals from retail and supply chain will help change mindset that cotton cannot be grown without chemicals).
- Consider educational forums, either by webinar or within the OCRT, to bring about better understanding along the supply chain on technical issues in seed development.
- How do we separate the scandal of unreliable testing on downstream products, and farmer intent, vis-à-vis GMOs?
The Regional Strategy Meeting for Africa builds on the efforts of the Pan-Africa Sourcing Working Group born out of the OCRT meeting in Hamburg last year. Welcome and introduction was given by Silvère Tovignan, Regional Ambassador for Africa at Textile Exchange, the opening thought-starter was presentation by Moussa Dionou, Managing Director of UNPCB, and meeting discussion was moderated by Prama Bhardwaj, Mantis World (Chair, OCRT - Africa Sourcing Working Group). See Africa Regional Strategy Agenda and full meeting minutes for more details.

OBJECTIVES:

- Share stories of what’s working well and what’s not for brands, manufacturers, and farmers in Africa.
- Learn about innovative sourcing models that could accelerate the region’s organic, Fair Trade and sustainable cotton industry.
- Explore country-specific scenarios for an uptake and growth plan for the Region.
- Collect ideas for a pre-competitive action plan and shape the way forward for 2018.

HIGHLIGHTS:

- Market access is seen as one of the main challenges.
- Market security is also a problem – there is a need for long-term partnerships.
- Small/medium brands (SMEs) need sourcing models that allow for efficiencies in small order quantities, e.g. by allowing aggregated demand.
- Cluster models, such as the one operating in South Africa or the coalition model (Chetna Coalition) in India, could be piloted in West and East/Southern Africa.
- Partnerships with governments are critical in deeply embedding improvements and capacities in the local area.
- Farmer–ginner relationships are crucial. The ‘market’, e.g. manufacturers and brands, buy lint cotton (ginned) not seed cotton.
- Better brand recognition of African cotton is needed – the story, the quality, the importance to the region and its farmers.
- Better understanding and more research is needed to help improve yields, tailoring solutions to specific problems/opportunities.
- Emphasis on Sustainable Development Goals (SDGs) is important, also for the wider audience/global agenda.
- Innovation in technology, seed and energy is important for upsaling organic cotton production in Africa.
- Africa should be strategically positioned in Textile Exchange’s 2018 conference in Milan!

OUTCOMES & NEXT STEPS:

- Stakeholder mapping – bring all key stakeholders into one place so we can see who’s doing what, avoid replication, and seek a joined up approach to strategic work, funding and pre-competitive/collective action in the region.
- Supply directory – identify organic (and organic Fair Trade) producers, ginners, traders, manufacturers, brands and exporters, etc. to create more visibility and transparency of the supply network and to support and accelerate trade.
- Trading Platform – form partnerships to build networks and connect buyers and sellers directly.
- Regional Round Table (West Africa) – collaboration between Textile Exchange and the Catholic Relief Services to bring a regional event to Burkina Faso in Q1 2018. Program to include: Opinion leader interview series, Market Opportunity Scoping Project (MOSP), and Round Table meeting.
- Development of both West and East/Southern Africa strategies.
As the second largest producer and the largest consumer of cotton in the world, China has a huge potential to influence growth of the organic cotton sector globally. With its inherent sustainable water management and socio-economic benefits to farmers, organic cotton represents an important opportunity for China. This was the first OCRT Regional Strategy Meeting for China, and it was encouraging to have attendees from across the supply chain participate.

OBJECTIVES:
To provide background and explore the challenges and opportunities of the Chinese organic cotton market.

HIGHLIGHTS:
- Hu Kehua, of China National Textile and Apparel Council (CNTAC), shared (via video) CNTAC’s plans for organic cotton, including: (i) setting up a “China Organic Textile Alliance”, (ii) establishing a group standard and (iii) engaging local policymakers.
- Felicia Shi, of GOTS China, explained how all local activities relating to organic product must be administrated by the Chinese-NOP, and that organic products certified to GOTS and OCS must therefore either be exported or relabeled. Felicia shared concerns about the adoption of a group standard as double certification is required.
- Alison Ward, of CottonConnect, gave an update on their projects in Shandong and Xinjiang.
- Veronica Yow, of Rare, gave an update on Rare’s efforts to transition 300 acres to organic in Hubei and Xinjiang, and also shared highlights from recent brand visits.
- The group discussed the challenges and opportunities facing the organic cotton market in China:
  - Challenges: high premium (10-20%) compared to India; access and availability of non-GM seeds; the need for support during the three year in-conversion period; lack of incentive to grow organic cotton compared to fruits and vegetables that fetch higher prices; stringent requirements of Chinese-NOP; non recognition of GOTS/OCS; and market access/linkages.
  - Opportunities: China is a major sourcing country for brands and retailers with an estimated 60% of cotton passing through the Chinese textile supply chain. The country is also the fourth largest organic market with a growing GDP per capita and middle income earners.
- The group was interested in China both as a supply source and a potential market, but agreed that they needed to better understand the market.
- Due to its high quality and longer staple length (and premium), there is market potential for Extra Long Staple (ELS) organic cotton.
- Local brands have indicated interest in transitioning their cotton to organic but are facing difficulty with the minimum required quantity, and international brands have no visibility of the downstream supply chain except through manufacturers - both issues relate to the need for market linkages.
- Comparatively, the organic market in China is quite small, with only 11 producer groups and 269 GOTS certified facilities. This makes efforts to understand and map the supply chain a manageable task.
- It was also agreed that government engagement is key in China and that this needs to happen at multiple levels.

OUTCOMES & NEXT STEPS:
- The group concluded that a multi-stakeholder approach is key to creating market linkages and engaging government.
- Next steps include: to better understand the supply chain, create a multi-stakeholder platform, develop market linkages and engage government.
India accounts for 56% of global organic cotton production but, although organic cultivation on the whole is increasing in India, organic cotton production is actually decreasing as farmers turn to more lucrative crops. The Regional Strategy meeting for India, hosted in collaboration with the Organic Cotton Accelerator (OCA), explored the reasons behind this trend through an interactive trouble-shooting workshop, and made suggestions for possible solutions.

OBJECTIVES:
To share experiences from past and current organic cotton initiatives in India, identify what’s working well and what’s not, explore country-specific scenarios for an uptake and growth plan, collect ideas for pre-competitive action plan, and shape the way forward for 2018.

OUTCOMES & NEXT STEPS:
• Hold an event in India mid 2018 with all stakeholders to collaboratively address issues, find solutions (particularly for finance, training and market access) and work on creating a strategy.
• Suggestion for Textile Exchange to conduct an initial scoping study on potential for cluster development, involving:
  - Mapping out current strategy across India’s different cotton growing areas.
  - Identifying key issues in each area and linking them to opportunities to develop clusters.

HIGHLIGHTS:
• Desi variety (G. arboreum) has no risk of genetic contamination.
• Farmer is not only growing organic cotton but rotation crops too – so need to support with marketing etc. of these too.
• Need to improve the business case for farmers and improve knowledge system. Labor shortages and increased climate risk are also challenges.
• Many different actors working on these problems but not enough collaboration. Key areas for collaboration include: finance; training and capacity building; market access; commodity exchange platform for organic.

Growing value chain systems that work:
- Finance for UNSDGs – lobbying for Development Impact Bond and tax breaks
- Sustainable raw materials clustering – input and commodity acceleration
- Supply chain technology – mobilizing service providers
- Brand pioneers – enabling and supporting market leaders

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HIGHLIGHTS:
• Brands need to acknowledge seed as their raw material.
• More engagement needed between seed breeders and mills.
• Need to create a strategy or strengthen standard for more traceable organic cotton.
• Integrity & GMO contamination
  - Integrity is not a simple matter of malintent.
  - The Centralized Database system being developed by Textile Exchange and GOTS will help towards improving traceability and integrity.
  - GOTS is finalizing a project on GMO testing to determine whether it’s possible on cellulose (fiber to garment) and also to see if it’s possible to standardize testing methods for cotton.

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Download OCRT India Strategy Meeting Agenda
Latin America holds great potential to expand its production of organic cotton, and new initiatives are emerging that signal the growing interest in this region. A strategic, regional plan is needed for the sector to coordinate efforts, and this meeting provided the place and space to start the process.

OBJECTIVES:
To kick-start the development of a strategic plan for organic cotton in Latin America and shape the way forward for 2018.

OUTCOMES & NEXT STEPS:
• There was consensus among the group that Latin America and the Caribbean have vast potential for production of organic cotton.
• It was suggested that a platform is needed to transform this potential into reality, and that this platform should be Textile Exchange, which could disseminate good experiences, serve as a reference, bring stakeholders together and, along with other NGOs and brands, help find solutions for scaling up organic cotton production in Latin America and the Caribbean (many participants requested that the Caribbean be incorporated into the scope of action, alongside Latin America).
• More action from Textile Exchange was requested on the production side. To finance this, some possible funding sources were suggested, including IBD, World Bank/IFC, CABEI and IBAN.
• The group wants to keep in touch and continue discussing the points raised in this Round Table meeting as soon as possible.

HIGHLIGHTS:
• The key message that came out of the meeting is that “Latin America Rising”, particularly when it comes to organic cotton.
• The group produced a tweet following the meeting: “Regional cotton sector representatives from Latin America and Caribbean agree on a unique and much needed role of Textile Exchange as a catalyst for scaling up the OC production in the region.”
• The Smallholder Farmers Alliance (SFA) have stated a project, with support from Timberland, to re-introduce organic cotton production in Haiti. Different cotton seed varieties from Brazil have been planted on 2Ha, and the most successful variety will then be used to scale the project. The plan is to involve a large number of farmers next year, and to import small-scale gin machinery from Brazil. The fiber would then be sold to Timberland.
• Bergman Rivera in Peru has been the biggest producer of organic cotton in Latin America for years. Orlando Rivera explained how they manage the business in a way that keeps it profitable, but also provides sufficient incentive to farmers to convert to organic.
• The C&A Foundation in Brazil, which has both BCI and organic cotton projects, aims to drastically increase the production of organic cotton over the next three years, explained Margarida Curti Lunetta.
• VEJA’s Valdenira Rodrigues de Almeida and Celine Hay filled the audience with enthusiasm as they presented their pioneering experience in Brazil, in which they built the whole supply chain for production of their trainers. They made clear that the organic cotton farmers in the semiarid region are well organized and able to carry out successful organic cotton production, but are also very poor with no support from the state. As a result, it’s important that companies like VEJA have a respectful relationship with farmers, offer them financial and technical support, and assure them of receiving a fair price.

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Earlier this year, Textile Exchange and Change Agency released the findings of the Market Opportunity Scoping Project (MOSP) for Turkey, Egypt, Central Asia and the wider region. The MOSP involved a series of interviews with companies and organizations that explored the market opportunities and identified blockages. In April 2017, sponsored and in partnership with the IZFAS Ekoloji Trade Fair, Textile Exchange welcomed over one hundred business professionals to the first Regional Organic Cotton Round Table (R-OCRT) in Izmir to discuss these key issues and identify opportunities in the region. Taking the outcomes from Izmir 2017 into the annual OCRT in Washington D.C. allowed us to continue the focused, multi-stakeholder discussions, reach a wider, global audience, and engage further actors in working collaboratively in the lead up to the next R-OCRT in Izmir (10-11th May 2018).

OBJECTIVES:
• Gain common understanding on what the key barriers and opportunities are
• Collect aims and deliverables for a pre-competitive action plan
• Learn about possible “sourcing hub” and “cluster models” that could accelerate the region’s organic cotton industry
• Create country-specific scenarios on what an uptake and growth plan for the region could look like
• Call for action to commit to engaging in a pre-competitive working group

OUTCOMES & NEXT STEPS:
There was a common understanding that the South African Cluster is a value added model that could be relevant for the region – with the right international partners and an experienced supply chain in place. Textile Exchange will initiate conversations with relevant members and partners while preparing the next R-OCRT in Izmir in May 2018. Join us in shaping this project by sharing your thoughts or engaging as an R-OCRT sponsor or speaker: ocrt@textileexchange.org

HIGHLIGHTS:
Chair of the meeting, Oktay Aytug, welcomed the group and gave an inspiring presentation about the political and economical conditions in Turkey, and how the organic movement could work with the government and potentially the EU to engage in a project on value added export products. Region-specific experiences were described, such as business models based on trust and on transparency (from Atila Ertem), and best practice examples (from Tobias Bandel on farming innovations in Egypt, and Aydin Unsal on organic and fair textile production in Turkey). A summary of the MOSP outcomes was presented by Simon Cooper, and the group learnt from Heinrich Schultz about the South African Cluster - a textile sourcing hub supported by the government that proves the business case for all for local supply chains when collaborating and sharing goals from farm to shelf.

Participants discussed how they do business in the region, and how the value chain could benefit from a cluster model, a virtually integrated supply chain, and from driving impact in the region.

Download OCRT Turkey, Egypt & Central Asia Strategy Meeting Agenda
The consumer is a key part of the value chain. Brands and retailers need to see a return on investment, so effective education and consumer engagement around preferred fibers and materials are critical to the overall business model.

OBJECTIVES:

• CALL TO ACTION: engage companies to contribute to and fund a consumer engagement sector-wide campaign for preferred fibers in the textile industry.

• Discuss the possibilities/necessity of such a campaign and how to incite brands to commit to and finance it.

OUTCOMES & NEXT STEPS:

Send a survey to brands and suppliers to determine how to organize and finance a meta-campaign and define what core message they would like the campaign to promote.

HIGHLIGHTS:

• Need the whole industry to work together and launch a meta-campaign to incite consumer engagement, which would cover all preferred fibers rather than one specific fiber group.

• Opportunity to leverage the power of fashion to communicate to consumers.

• A lot can be learned from the strategies used to engage consumers in the organic food industry.

• Various individual initiatives are being launched to engage consumers in fashion, however, the impact remains limited -> need for a sector-wide approach from the whole industry.

• Cotton Diaries: an example of how to engage consumers by bringing more awareness in an interactive manner, through following a journey along the supply chain of cotton.

• This year’s benchmark indicates that, overall, the majority of brands that participated do not have a consumer engagement strategy in place for preferred fibers. However, a distinction can be made for brands that include organic cotton in their portfolio, as over 60% of these brands have established a strategy to engage consumers on the benefits associated with organic cotton.

• Ideas for a meta-campaign:
  - “Know what you are made of” campaign
  - Need the right marketing and communication team
  - Amazing textile…and sustainable
  - Farmer, spinners…need to promote their stories

• Need the whole industry to back the campaign -> example of successful “food waste” campaign in the UK

• Need for a consumer engagement toolkit – some ideas as to what the toolkit should include:
  - Place to gather all useful links and resources together
  - Ensure that data is updated and updating is done regularly
  - Kick starter which integrates the SDGs
  - Animated infographics
  - Lexicon to ensure a common use of terms throughout the industry

• Consolidate studies on consumer response to sustainable textiles -> opportunity for TE to aggregate existing studies

OUTCOMES & NEXT STEPS:

Send a survey to brands and suppliers to determine how to organize and finance a meta-campaign and define what core message they would like the campaign to promote.
The OCRT Innovation Award aims to seek out groups or individuals with innovative solutions to break through barriers to growth and discover new ways for the organic cotton community to flourish – from producer to consumer. The 2017 Innovation Award Ceremony was the finale of the Round Tables Day, and we ended on a high after hearing the inspiring ideas of this year’s innovators. Each finalist had just 3 minutes to pitch their ideas (three in-person and three via video link from Kenya, Argentina and India) to our panel of distinguished judges.

**WINNER**

The winner of the 2017 OCRT Innovation Award was Marzia Lanfranchi, who has just launched Cotton Diaries - an interactive documentary that revives the human connection between the people who grow, make and use cotton.

**RUNNER-UP**

The place of runner-up was awarded to Tobias Meier of ecos, who is starting a Sourcing Coalition for Organic-Fair Trade Cotton from West Africa.

**FINALIST**

The other four finalists included:

- Robert Mathew and Ram Chavan of FabriKolor, India, who work with low-income, marginalized women to produce naturally dyed organic clothing using organic cotton.
- Martin Alonso of StayTrueOrganic, Argentina, who initiated a self-sustainable biodynamic farm based on organic cotton cultivation in the native QOM community.
- Lucy Rao of Pamba Mali Organic Cotton Initiative, Kenya - a social enterprise that believes in the power of entrepreneurship and investment in women.
- Marci Zaroff of MetaWear, USA - a sustainable fashion manufacturer and turnkey solution for stylish “made in the USA”, fully GOTS certified custom goods.

All six finalists will join the OCRT Innovation Award Alumni; an exciting group of innovative thinkers from around the world, which will grow over the years and can support each other in bringing new solutions to the industry. The next call for Innovation Award submissions will be issued early in 2018.

Master of Ceremonies: Simon Cooper, Change Agency

Judging Panel:

- Christine Goulay (Chair) - Sustainable Sourcing Specialist, Kering
- Arun Ambatipudi - Executive Director, Chetna Organic
- Subindu Garkhel - Cotton Product Manager, Fairtrade International
- Ben Ramsden - Chief Community Officer/ Co-Founder, Resonance
- Heinrich Schultz - Managing Director, OrganiMark
- Bruno Van Steenberghe - Founder, Kalani S.A.
Textile Exchange launched its first ever Preferred Fiber & Materials (PFM) Hands-On Lab in collaboration with Recover and WestPoint Home, with support also from Ditto and Dibella. The Lab was curated by Fashion & Style Director, Andrea Martin. The idea of the hands-on lab was to complement our PFM Round Table discussion forums, with the Lab offering meeting attendees a “show and tell” experience of a range of preferred fibers and materials at various stages of production. From the latest technical innovations to unique and wonderful natural fibers, the Lab focused on the social and environmental considerations of these materials, showcasing some great new projects and ideas alongside the samples themselves.

Recover is excited to join the other innovators in the Hands-On Lab and have the opportunity to empower people to take advantage of the sustainable solutions that are out there today,” said Alfredo Ferre, General Manager and CEO of Recover.

We were proud to be asked to participate in the hands on lab and the eco lounge at the recent textiles exchange conference. While providing a fun and relaxed space we were able to highlight home textiles and WestPoint Home focus on the use of recycled polyester.” said Walter Bridgham, Product Development & Research, WestPoint Home.

LAUNCH NIGHT
The Lab kicked off with a word from our key sponsors: Helene Smits, Recover and Walter Bridgham, WestPoint Home, followed by a Q&A with distinguished guests: Carmen Gama representing EILEEN FISHER’s Remade in the USA program, Erik Bang from H&M Foundation’s Global Change Awards, Stacy Flynn, CEO of evrnu, and Valentina Longobarda from VEGEA introducing their new grape leather. This star lineup lifted the lid on their innovation methods and how they stay ahead of the curve.

Radical ideas that are good for both planet and business will reinvent fashion and the Textile Exchange Hands-on-Lab with its direct and concrete approach will move the needle for the adoption of new materials. I’m very excited to be part of the first Lab to see, feel and experience the forefront in material innovation.” said Erik Bang, H&M Foundation

DEMOS@ THE LAB
On the day of the Round Tables, the Lab was open to visitors to browse the displays, chat at leisure to others or relax in the WestPoint Home Eco Lounge and soak up the atmosphere. Scheduled demonstrations with three innovation leaders were held over lunch for a deeper dive into new business models based on removing waste from the textile equation:
- Remade in the USA – Carmen Gama, EILEEN FISHER *
- Recover Textile System – Helene Smits, RECOVER *
- Upcycling The Ocean – Carol Blázquez, ECOALF

A Big THANK YOU to all our Lab colleagues - we could not have done this with out you!


*Photo: Walter Bridgham (WestPoint Home)
*Photo: Andrea Martin (Style & Art Director)
*Photo: Carmen Gama (Eileen Fisher), Inmaculada Montes (Tejidos Royo)
2017 ORGANIC COTTON MARKET REPORT
The 2017 Organic Cotton Market Report provides the most up-to-date data on organic cotton fiber production. Key findings include:
- Total production for the 18 countries growing organic cotton in 2015-16 was 107,980 MT of organic fiber (4% decrease from last year), with India representing a slimmer majority than ever before.
- China ranks second, holding a 14% share of total production.
- Growth in Central Asia continues.
- Texas Organic Cotton Market Co-op in the USA experiences 15% growth.
- Research shows that 80 per cent of OBEPAB farmers in Benin are experiencing yields higher than the average organic yield for the country, and in Tanzania, yields have doubled for bioRe farmers.

A WORLD BEYOND CERTIFICATION - BEST PRACTICES GUIDE FOR ORGANIC COTTON TRADING MODELS
This comprehensive guide provides a blueprint for companies sourcing organic cotton and incorporating it into their supply chains, demonstrating best practices and sourcing models for more responsible trade.

ORGANIC COTTON - A FIBER CLASSIFICATION GUIDE
This easy-to-use tool supports organizations looking to source organic cotton. From mass market to luxury products, the scope of quality of organic cotton can meet virtually all needs. The challenge is knowing what to look for and where to look.

ADDITIONAL READING:
- IS COTTON CONQUERING ITS CHEMICAL ADDICTION? (PESTICIDE ACTION NETWORK UK)
- FAILED PROMISES: THE RISE AND FALL OF GM COTTON IN INDIA (SOIL ASSOCIATION UK)
- PLANTING THE SEED: THE ROLE OF ORGANIC IN CREATING A SUSTAINABLE COTTON SUPPLY CHAIN (COTTONCONNECT)
THANK YOU TO OUR SPONSORS

AND TO OUR THOUGHT STARTERS AND FACILITATORS

View List of Thought Starters and Facilitators

The Fiber & Materials Team - Textile Exchange

Photo: Nicole Lambert, Simone Siesl, Silvere Tovignan, Lisa Emberson, Jana Busch, Anitha Giriaki, Evonne Tan, Save Mones, Liesl Truscott, Simon Cooper
Photo: H&M Dress made with BIONIC® – a recycled polyester made from plastic shoreline waste on display at PFM Hands On Lab.

www.TextileExchange.org
www.aboutorganiccotton.org