HOW TO GO ORGANIC

Organic Cotton Sourcing Guide
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We also thank the following experts for their valuable contributions and review:

Crispin Argento, Organic Cotton Accelerator
Anita Chester, C&A Foundation
Heike Hess and Esther Rewitz, Internationaler Verband der Naturtextilwirtschaft (IVN)
Lina Pfeifer, Global Organic Textile Standard (GOTS)
Ulrike Stein, Forum for the Future
Liesl Truscott, Textile Exchange

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Last but not least, we thank the companies that enriched this guide by sharing their experiences on organic cotton sourcing.

Take a look at the full statements of the companies quoted in this guide.

Andrea Bischof and Stefanie Kägi, Helvetas
“Remei carries the responsibilities and risks of organic cotton production through long-term, trusting partnerships, purchase guarantees and premium payments in addition to the market price.”

Marion Röttges | Remei AG | Co-CEO Apparel and Communication
While numerous companies have been sourcing organic cotton successfully for many years, others struggle with the challenges to integrate organic cotton into their supply chain. The aim of the German Partnership for Sustainable Textiles is that at least 35% of sustainable cotton is used in Germany in 2020, of which at least 10% should be organic (including organic cotton in conversion). By 2025, the Partnership plans to double the usage, i.e. 70% sustainable cotton with at least 20% organic cotton. The guide at hand shall provide practical support for companies wishing to set up new or enter existing organic supply chains. It provides learnings and shares recommendations from experienced brands and companies as well as relevant organisations such as Textile Exchange, Organic Cotton Accelerator, the Cotton 2040 initiative and others, by providing links to existing guidance documents on specific topics.

The guide provides pertinent arguments for organic cotton purchase considering the specific needs of sourcing, communication, management and Corporate Social Responsibility departments. The six steps to set up an organic supply chain make up the backbone of this guide: 1 · Management Decision / 2 · Assessments / 3 · Partnerships / 4 · Traceability and Certification / 5 · Contract / 6 · Communication.

In addition, the guide compiles links to guidance documents from relevant platforms and networks, such as trader lists or producer inventories, as well as field reports from leading brands and newcomers in the organic cotton sector.
Why does the guide also focus on other standards and certifications besides organic?

The combination of labelling organic cotton with other certifications, such as Fairtrade, bioRe® or Cotton Made in Africa, enhances the economic and social benefits for farmers. It offers farmers premium prices during the conversion period to organic, when they often face reduced income from cotton sales. After the transition phase, the price differential ameliorates costs of investment needed to acquire the technology and to increase capacity in the system. For brands, a chain of custody certification based on standards that cover the supply chain and the production process up to the finished products, such as the Global Organic Textile Standard (GOTS), increases the potential to trace and map the products along the supply chain thanks to transaction certificates.

“We use organic cotton particularly for baby clothing. We take care that the suppliers are GOTS-certified and thereby commit to sustainability in the supply chain.”

Christiane Wilms-Otto | Takko | Head of Quality Management
“One of our essential experiences with the conversion to organic cotton is, that one should not shy away from converting only parts of a collection. Consumers appreciate each step towards higher sustainability as long as transparency is ensured.”

Barbara Engel | Triaz Group | Head of Sustainability
“Aldi’s target of 15% organic cotton for 2018 could already be met. We are ranked as global number six amongst the largest consumers of organic cotton by Textile Exchange.”

Klaas Gerd Nuttbohm | ALDI Süd | Manager Corporate Responsibility International
Why is it important to set targets for organic cotton?

Globally, cotton cultivation accounts for about 5% of global pesticide use (by value in total, about US$ 3 billion annually) even though it is cultivated only on about 2.5% of global arable land. In some developing countries up to 55% of pesticides are applied to cotton cultivation. Currently* more than 80% of sown cotton seed is genetically modified. Organic cotton meets these challenges and is an alternative solution and a driver for innovation and new technologies that enrich other, more mainstream sustainable cotton production systems.

If applied comprehensively, the benefits of organic cotton production systems are manifold: enhanced biodiversity thanks to crop rotation and stopping the use of synthetic pesticides, as well as improved health of farmer families and their production base, soil and water – two ever more important assets in cotton production regions. On the economic side, organic cotton offers higher farm gate prices and reduced input costs and thus reduces risk of indebtedness of farmers. It often goes along with long-term trade relationships that allow farmers to invest in their overall production system.

Across the industry, brands and retailers are now engaged in improving their social and environmental impact by fixing internal targets and public commitments to purchase sustainable fibre. Public commitments serve to set ambitious but achievable targets that can increase industry-wide demand. Brands, retailers, suppliers, philanthropists and governments are encouraged to work together to achieve one goal.

The collaboration has the potential to drive market change through increased demand from the industry and promote the spread of organic cotton in the industry. This will lead to greater transparency, accountability and impact for all, from farmers to consumers.

In this guide, we want to give you the tools to reach these goals together.

* Publication by Pesticide Action Network UK: Is cotton conquering its chemical addition?
Why does organic cotton only make up about 0.5% of global cotton production?

Organic cotton faces challenges in production and sales. In many regions, the shift to organic production implies a complete change of the previous system. It requires investment in producer capacities, rural advisory service and input supply. Smallholder farmers need to establish an internal control system for group certification; while for larger farmers, data management is a prerequisite to get certified, which requires investment and technical support. Furthermore, in some regions organic cotton is produced near genetically modified cotton. This bears the risk of contamination, which renders the organically produced cotton fibre uncertifiable. In total, this strongly affects the overall availability of organic cotton fibre.

A range of **new business models** has been established to address market challenges and to overcome the small quantity effects at different levels. Nevertheless, a certain amount of certified organic cotton is still sold as conventional cotton because production quantities are too small to be processed separately, or traceability cannot be completely guaranteed, or premium prices and therefore margins accumulate throughout the chain, making the product economically unattractive. Therefore, close collaboration between buyers and producers is necessary.

In this light, multi-stakeholder initiatives supporting organic cotton production are becoming increasingly important. Concrete purchasing targets at the individual level or in a network are the driving force behind tackling the challenges in production and on the market. This enables companies and farmers to take advantage of the many benefits of organic cotton.
“There are many good reasons to use organic cotton. That means for us in 2018: an increase of 150,000 pieces of organic cotton products to an overall of two million pieces.”

Lydia Kölker | KiK Textilien und Non-Food GmbH | Head of Quality Management
SIX STEPS TO GO ORGANIC

The following steps describe the activities that a company needs to consider when striving to enrich their purchase portfolio with organic cotton. The sequence of activities does not necessarily follow chronological order as shown in the graphic.
1 Management Level: Set a purchase target

- How much organic cotton shall be purchased – volume or percentage wise?
- Which organic standard should the cotton garment meet?
- What budget can be made available for procurement, agricultural programmes and premium payments?

TIPP
- Focus on one or a few selected products that are suitable for the conversion to organic. This allows for experience and learnings at limited risk. Later the share of organic cotton can be upscaled.
- Demonstrate how organic cotton resonates with the broader sustainability targets of your company, such as goals for reducing carbon, water and waste, or for enhancing the livelihood of the people involved in your supply chain.
- Consider starting with transition cotton: there will be time to establish your business model, put a farm programme in place and secure your future organic cotton source within a period of two years.
Define qualities and quantities

- Do you go for a blended or a 100% cotton product?
- How much organic cotton is available?
  Currently, a joint database on organic cotton availability is under construction. Meanwhile, please find information on available organic cotton [here](#) and on conversion cotton [here](#).
- What is the capacity of your supplier in terms of number and quality of relationships to organic cotton producers and traders? You can find detailed guidance on questions to ask your suppliers in the [CottonUP guide](#).
  If capacity is adequate and source is trusted: start a trial.
  If inadequate: reach out to organic textile networks and platforms (e.g., Organic Cotton Accelerator / Textile Exchange / Sourcing Coalitions / German Partnership for Sustainable Textiles).
• Does your company already have partnerships or trade models in place that meet the requirements of an organic cotton supply chain? If yes, strengthen these partnerships with clear commitments. If not, invest in new supply chain opportunities and strive to link new partners to your supplier network wherever possible.

• Which network and partners should you reach out to for sourcing organic cotton? Based on your prioritised partnership model, Textile Exchange and the Organic Cotton Accelerator can link you to an adequate supporting organisation or implementation partner. Although not exhaustive, here you can get a glimpse of the range of partners that can support you in establishing a farm programme or accessing organic cotton from ongoing initiatives.

Define your partnerships
Concerning supply chain transparency, make sure each step of the supply chain is certified and certification bodies provide all certificates needed (including transaction certificates). There are several IT tools available and others currently under construction to ease tracking, such as Ecert or Chainpoint.

Track and trace your supply chain
5 Contract with your suppliers

- An early purchase agreement enhances planning reliability for both sides.
- A price differential of about 10–20% of cotton price compensates efforts for organic production and enhances your sustainability impact. Ideally there are checks in place to confirm the farmers receive the differential.
- Consider offering pre-financing options to organic cotton producers. This enhances their potential to produce according to your requirements.
- Be flexible to adapt the range of textiles (quality and quantity) to the delivery capacity of suppliers.

6 Communicate

Share your adapted sourcing strategy with the right people inside and outside the company. Update and train all involved departments of your company as well as your suppliers on the organic standard, processes and requirements. The CottonUP guide provides clear guidance for internal communication.

You may also consider opportunities to inform about your sourcing targets and partnership engagement via trade press. The concept of organic is widely understood, trusted and respected by consumers so there are also opportunities to engage your customers, e.g. through in-store marketing or product labels.
“The more Fairtrade- or GOTS-certified products we sell, the higher is the transparency that we and our customers demand throughout the entire supply chain.”

Anna Johannsen I Brands Fashion I Sustainability Manager
Organic cotton is cotton that is produced according to organic agriculture standards. It can be certified according to the “family of standards” as defined by IFOAM – Organics International, the umbrella organisation for organic movements.

Among others, most commonly applied organic standards are the United States Department of Agriculture Organic (USDA Organic), the European Union Organic Regulation and the Indian National Programme for Organic Production (NPOP), which mutually acknowledge each other. For a European textile company, the compliance with the EU Organic Regulation for organic farming is mandatory.

In addition to the above mentioned production standards, there are voluntary standards that provide a chain of custody assurance from ginnery to final products: the Organic Content Standard (OCS), IVN certified BEST, bioRe® Sustainable Textiles and the Global Organic Textile Standard (GOTS). These processing standards set environmental and social requirements for the processing chain.

IFOAM Organic International acknowledges that a whole chain approach, including mandatory standards for organic fibre production together with organic processing should be required for labelling textile products as organic fibre.
1 Application & Contracting

Contact a local certification body which is accredited for the standard chosen. Ask for an application form, costs and services offered. Contracts are usually indefinite and must be cancelled once you want the process of certification to be stopped.

2 Inspection

Each year an approved inspector from the certification body conducts a physical onsite inspection to verify that the production is in line with the organic standard chosen. The inspection report is sent to the head office of the certification body.

3 Certification

A certifier reviews the report and approves it or not. Organic regulations allow for “group certification” in which either the farmer group, the ginning company or another legal entity holds the data of the associated individual farmers in an Internal Control System (ICS).
A new agricultural operator, just starting organic cotton production, must undergo a conversion period of two years in which the land and producer are given time to adapt to the organic methods. During this period, implementation of all required organic management measures is obligatory. After this period – as long as compliance with the standards have been met – the products may be sold as organic. Processing facilities can be certified without any conversion period. Furthermore, GOTS allows “organic in conversion” labels on the end product if the production standard of the IFOAM Family of Standards permits such labelling.

Before export, the certification body issues two different certificates: one is the certificate of inspection (CoI) or scope certificate (in the case of GOTS and OCS) serving as a general trade confirmation for the partners, the other is the transaction certificate (TC) to confirm the organic status of the fibre producer and further processors along the chain.

**Transaction Certificate**
For all products entering the EU as organic products, a transaction certificate is required for customs clearance. The certification body issues a transaction certificate for each processing step of the textile chain as soon as goods are shipped. These transaction certificates make it possible to preserve the identity of the organic fibre and provide complete traceability. It is the buyer’s responsibility to ensure that direct suppliers have valid certification and actually supply certified cotton.
Some of the organic standards already address social justice, others fulfil this claim in combination with Fairtrade.

**bioRe® Sustainable Cotton** guarantees the origin of organic cotton from controlled organic cultivation by bioRe® India and bioRe® Tanzania. Farmers receive a purchase guarantee and a premium of 15% above the market price. The seal guarantees social standards up to yarn production.


**Cotton made in Africa Organic** is part of the standard family for sustainable cotton of the Aid by Trade Foundation and supplements the recognised criteria of organic cotton cultivation according to the EU or NOP with the socio-economic sustainability criteria from CmiA. [www.cottonmadeinafrica.org/index.php/en/standards/criteria](http://www.cottonmadeinafrica.org/index.php/en/standards/criteria)

The **Fairtrade Cotton** Label represents cotton that is cultivated and traded according to the Fairtrade Standards. Farmers receive a guaranteed Fairtrade minimum price for their seed cotton, and additionally a Fairtrade premium which can be used for projects that strengthen the communities. The cotton in textiles carrying this label are 100% Fairtrade-certified and physically traceable.

www.fairtrade.net/fileadmin/user_upload/content/2009/standards/documents/generic-standards/FibreCrops_SPO_EN.pdf

**GOTS** is a processing standard which requires IFOAM Family of Standards-certified organic fibres and sets out mandatory requirements along the entire textile supply chain – from the first processing stage through eco and socially responsible manufacturing processes, up to product labelling certified by third parties. There are two grades: GOTS Organic (products containing at least 95% organic fibre) and GOTS Made with organic (products containing at least 70% organic fibre).


**IVN certified BEST** certifies every single step of the production, from field to fashion. The standard requires 100% organic fibres and strict residue limits and includes social aspects such as human rights, workplace security and living wages.


The **Organic Content Standard** (OCS) is verifying the presence and amount of organic material in a final product. The OCS 100 logo is used for products that contain 95% or more organic material. OCS blended is used for products that contain a minimum of 5% organic material blended with conventional or synthetic raw materials.

https://textileexchange.org/integrity/
“Organic cotton is the only possible consequence for us.”

René Bethmann | Vaude | Innovation Manager Materials and Manufacturing
WHY SOURCE ORGANIC COTTON?

Organic cotton delivers proven benefits for people and the environment, which are easily understood by consumers:

• No use of genetically modified (GM) seeds and control over seeds is with the farmers.
• No hazardous pesticides are applied in order to protect people and environment.
• Crop rotation is required for diversified food production and income sources.
• Premium prices enhance farmers’ income.
• Precious water is saved thanks to investments in soil quality and its water retention while avoiding the risk of eutrophication.
• The impact of climate change is reduced by 50%* due to increasing levels of organic matter and preventing unnecessary energy consumption in plant protection products and fertilizers.

* Life Cycle Assessment study commissioned by the C&A Foundation and conducted by Thinkstep in 2017
Whether your company decides to shift cotton sourcing entirely or just partly to organic, it not only improves the sustainability of the supply chain but also contributes to the achievement of the Sustainable Development Goals (SDG).

Organic cotton does not only have a positive environmental and social impact at the production stage, it also makes sense for business in terms of resilience, reputation and financial return:

- Apart from the applied business and partnership model, the direct connection to cotton producers creates communication opportunities on social and ecological engagement of the company.
- A commitment to clear purchase targets provides opportunities for beneficial corporate communication.
- The standard requirement for transparent supply chains strengthens your partnerships with suppliers, allowing for better reputation risk management.
- Your company may be less responsible for environmental damages than a buyer of conventional cotton.
- Investing in organic supply chains, particularly when considering transition cotton, means investing in a long-term, responsible sourcing option that directly enhances the credibility of your sustainability strategy and offers touchpoints for marketing.
- The term “organic” is well recognised and accepted by consumers. Combined with a certification addressing social issues, it will be much easier for you to make consumers understand your social and environmental engagement.

Here you find further information on the SDG.
“With our current product portfolio we are a rank three of global organic cotton consumers. This really has a positive impact.”

Nanda Bergstein | Director Corporate Responsibility | Tchibo GmbH
“It is important to provide colleagues in procurement, design and product development with sufficient information about organic cotton, standards and processes.”

Kristina Seidler-Lynders | Esprit | Environmental Sustainability Manager
The shift to organic cotton involves several fundamental changes in supply chain management. Knowing the key changes at each level of the supply chain allows you to better deal with challenges from the beginning.

**Changes for cotton producers**
- Price differential paid to farmers for organic cotton (10–20% price premium) is one of the major value propositions for farmers. Companies that source directly at farm level best contribute to price differentials.
- Improved health conditions for farm families and workers thanks to the shift from synthetic pesticides and rapidly soluble mineral fertilizers to organic pest control and soil management. For many farmers this is one of the key benefits of organic farming.
- The transition period to organic means a critical stage for farmers, as yields tend to be lower. Therefore, transition shall be incentivised by premium prices and long-term purchase commitments.
• Increased focus on soil management, crop diversification, adaptation of seed quality and pest monitoring for early detection require initial investments into farmers’ knowledge and capacities. This enhances long-term profitability and funding flows of the farm operations.

• The procurement of equipment approved for organic farming is sometimes difficult and labour-intensive. However, crop rotation and access to natural inputs is crucial. Investment in organic production promotes the transition to organic cotton in a meaningful way.

• Collaboration and long-term goals with purchasing companies, agricultural cooperatives and extension services are key to ensure investments.

• Administration around certification and annual visits of the certifying agency are a necessary part of the process.

**Changes for suppliers**

• Traceability of fibres and fabrics must be guaranteed along the chain of custody. A separation process must be in place and transaction certificates at each step of processing must be assured.

• Enhanced planning reliability and close collaboration with up- and downstream companies is needed.

• Transparency in pricing is often required.

**Changes for brands**

• Caring about the source of your raw materials enhances your sustainability impact.

• Engagement in a recommended partnership model with your suppliers or in a farm programme that suits you helps to limit the complexity of the supply chain while increasing transparency.

• Incentivise the transition period of the cotton farmers to ensure availability of organic cotton, e.g., with a long-term purchase commitment regarding in-conversion cotton and a differential paid.

• Organic cotton becomes a communication and branding tool, improving the social and ecological footprint of your company.
“What has changed thanks to the decision to buy organic cotton? In a nutshell – everything!“

Simon Bartholomes | Dibella | Head of Buying
DATABASES OF POTENTIAL SUPPLIERS AND PARTNERS

Several standards and organisations maintain a database of their customers, members or licensees. A joint database is considered but not yet implemented.

GOTS

Fairtrade International
The Certifier FLOCERT provides a customer search with all Fairtrade-certified companies, suppliers and cooperatives listed. Licensees have access to more detailed information.

Cotton made in Africa (CMiA)
A list of CmiA-certified cotton companies, registered traders and spinning mills is ready for download on the CmiA website: https://cottonmadeinafrica.org/en/materials/textile-chain. CmiA’s retail and brand partners are listed in the slider at the bottom of the following page: https://cottonmadeinafrica.org/en/get-involved/companies

Textile Exchange

Central Database System
The Central Database System (CDS) is a collaborative technical platform for the chain of custody of GOTS and Textile Exchange that should be operational end of 2019. The CDS aims to increase efficiency and transparency and will integrate scope certificates, transaction certificates and volume reconciliation across all supply chain stakeholders and certification bodies.
FURTHER RESOURCES

CottonUP Guide to Sourcing Sustainable Cotton (by Cotton 2040)
www.cottonupguide.org

Kering / Textile Exchange partnership models

OCA-recommended farm programmes
https://organiccottonaccelerator.org/2017/12/12/sourcing-interventions-organic-cotton

Textile Exchange
Organic Cotton Roundtable
www.textileexchange.org/organic-cotton-round-table
Organic Cotton Market Reports

Kering / Textile Exchange Organic Cotton Fiber Classification

Helvetas Swiss Intercooperation
Organic Cotton Experiences
Organic Cotton Crop Guide

More documents here
FiBL, Research Institute of Organic Agriculture
CONTRIBUTING ORGANISATIONS

German Partnership for Sustainable Textiles
The Partnership for Sustainable Textiles is a multi-stakeholder partnership amongst companies, associations, non-governmental organisations, trade unions, standards organisations and the German Federal Government. Founded in 2014, the Partnership aims for improvements along the entire textile supply chain by setting ambitious social and environmental targets and implementing joint partnership initiatives in producing countries.

www.textilbuendnis.com

C&A Foundation
The C&A Foundation works to transform the fashion industry. One of its five focus areas is the improvement of the livelihoods of smallholder farmers and the promotion of the availability of sustainable cotton by working with farmers, industry and policy makers. The Sustainable Materials Programme works with over 50,000 farmers in five countries helping conventional cotton farmers convert to organic practices. The C&A Foundation is a founding partner of both OCA and the Cotton 2040 initiative.

www.candafoundation.org

OCA
The Organic Cotton Accelerator focuses on creating a prosperous organic cotton sector that benefits everyone, from farmers to consumers. Founded in 2016 by the leading brands, retailers and suppliers committed to organic cotton, OCA represents over 70% of the global organic cotton procurement by volume. OCA invests directly in farmers and value chain interventions that ensure the integrity, quality and supply of organic cotton.

www.organiccottonaccelerator.org
Helvetas
The independent Swiss development organisation, Helvetas, supports farmers in growing organic and Fairtrade cotton in Africa and Central Asia since 2002. Helvetas facilitates agricultural extension, certification and market access for over 22,000 farmers but also supports committed brands to set up own farm programmes and sustainable business partnerships to increase their social and environmental impact.  
www.helvetas.org

Textile Exchange
Founded in 2002, Textile Exchange is a global non-profit organisation that forms leaders in the sustainable fibre and materials industry by providing learning opportunities, tools, insights, standards, data, measurement and benchmarking to its 260 members who represent leading brands, retailers and suppliers. Textile Exchange developed the Organic Cotton Standard (OCS 100, OCS blended) and is the editor of the global Organic Market Report.  
www.textileexchange.org

IVN
IVN represents more than 100 ecological and socially responsible companies of the leather and textile business. IVN defined reliable and ambitious quality seals: NATURTEXTIL BEST, NATURLEDER and the Global Organic Textile Standard (GOTS). IVN offers member services in certification, business contacts, data management and communication concerning ecology, social responsibility, economic fairness, as well as health and safety.  
www.naturtextil.de
**Forum for the Future**
Forum for the Future is a leading sustainability non-profit organisation, working in partnership with businesses, governments and civil society to accelerate the shift towards a sustainable future. The organisation addresses critical global challenges by catalysing change in key systems, from food to apparel and energy. It is convenor and facilitator of the Cotton 2040 initiative which published the CottonUP Guide in 2018.

[www.forumforthefuture.org](http://www.forumforthefuture.org)
[www.cottonupguide.org](http://www.cottonupguide.org)

**GOTS**
GOTS ensures the organic status of textiles from harvesting of the raw materials through environmentally and socially responsible manufacturing processes and stringent chemical input control up to product labelling by a third-party certification. GOTS requires the International Labour Organisation (ILO) key norms in all its currently more than 5,000 facilities in over 60 countries, subcontractors included.

Video: [http://t1p.de/yd5t](http://t1p.de/yd5t)

**Kaleidoscope**
Kaleidoscope Berlin is a creative agency, founded by Magdalena Schaffrin and Max Gilgenmann, which focuses on themes of sustainability, using fashion and art as creative forms of expression. The agency is a specialist in fashion projects, as well as in consumer and cultural goods. It provides strategic consulting, creative direction, project mentorship and implementation.

Its focus is on clean aesthetic communication formats to address sustainability questions along the global product cycle, translating different cultural spaces and work cultures for specific target audiences. Kaleidoscope is the Content Leader and Creative Director of Neonyt, the global hub for fashion, sustainability and innovation, which is part of Fashion Week Berlin.

[www.kaleidoscope.berlin](http://www.kaleidoscope.berlin)
[www.neonyt.com](http://www.neonyt.com)
“Organic cotton is one of the most well-known sustainable alternatives to conventional cotton and appreciated by our customers.”

Hendrik Heuermann | H&M | Sustainability Manager Germany