Project Plan for the Development of Textile Exchange's Unified Standard

Introduction

Textile Exchange is a global non-profit helping to drive beneficial outcomes for climate and nature across the fashion, textile, and apparel industry, right from the start of the supply system.

Our goal is to help the industry achieve a 45% reduction in the greenhouse gas emissions that come from producing fibers and raw materials by 2030 (from a 2019 baseline). To get there, we are keeping our focus holistic and interconnected, accelerating the adoption of practices that improve soil health, water, and biodiversity while respecting human livelihoods and animal welfare.

The unified standard aims to meaningfully embed these goals into the production of all raw materials included in the scope of our certification, as well as to facilitate simplified communication at the consumer level through more integrated and aligned claims and labeling.

Over the last 20 years, our internationally recognized standards for the production of different fibers and raw materials have helped build integrity in the industry. As a member of ISEAL, we comply with three credibility Codes of Good Practice which underpin our policies and procedures for organizational functions like standard-setting, assurance, and monitoring, evaluation, and learning. These practices ensure we provide value, rigor, accessibility, and transparency in our standards.

All of our standards are anchored by an independent, third-party assurance model that supports organizations in consistently demonstrating and maintaining conformity while handling and trading their certified products, through an independently verifiable and impartial process.

Objective and goal

Textile Exchange's unified standard will be a voluntary sustainability standard for the production and initial processing of raw materials used in the fashion, textile, and apparel industry.

The standard sets out to incentivize a system in which the materials in our clothing and textiles support the climate, respect human livelihoods and animal welfare, and drive beneficial outcomes for soil health, water, and biodiversity. It aligns the industry on a shared trajectory towards this vision by establishing what best practice looks like for different materials in various settings, from farms to recycling facilities.

By focusing specifically on the start of the supply chain, the unified standard provides a global certification model that is connected to the unique contexts of producers and processors, as well as their local communities and landscapes. A blend of practice-based criteria and outcome-based indicators helps participating organizations get acknowledged for meeting core requirements and builds their capacity to measure results. At the same time, it gives brands and retailers that choose certified materials a way to speak confidently to customers about them.

Scope

The unified standard criteria cover practices and outcomes for the production and initial processing of raw materials, including primary/recycled feedstocks, and apply to farms, producers, and first processing facilities.

The main impact areas of the standard focus on virgin raw material production (including land use practices in the raising of animals, as well as animal welfare, and treatment of workers), and the first processing stage of extracted raw materials and feedstocks (including processes such as wool scouring, dissolving pulp, chemical/mechanical recycling, down processing, and ginning).

The materials included in the scope of the pilot version of the Materials Matter Standard include:

- Animal fibers and materials: Sheep wool, Mohair, Alpaca, Down, and Skins
- Recycled: Synthetics, Natural materials, Recycled MMCF

Some of the materials proposed for inclusion within the scope of the standard will be added through a framework for recognition partnerships with organizations that own sustainability systems in an effort to focus on collaboration first and avoid duplication of standards systems. Partnerships for full recognition mean Textile Exchange would accept related certified raw material inputs into its standard system rather than through direct Textile Exchange raw material certification. Proposed materials that may be added over time are:

- Animal fibers and materials: Cashmere
- Fiber crops: Cotton
- Forest/plant-derived: MMCF, Biosynthetics

The standard is globally applicable, with no explicit geographic limitations except those that may occur due to legal restrictions.

Chain of custody

Materials certified to the unified standard as well as future recognized standards will be tracked through the supply chain with our pre-existing chain of custody standard: the Content Claim Standard (CCS).

While the CCS continues to provide the mechanism for tracking and handling the certified inputs through to the finished product, the unified standard impact criteria cover Tier 4, encompassing raw material production and the first processing stage of the supply chain.

Desired outcomes

Textile Exchange is committed to building and managing credible, internationally recognized standards that drive practices towards beneficial outcomes for climate and nature, as well as for the organizations successfully participating in certification.

In the long term, the unified standard provides a foundation for producers and processors to understand how their activities impact the people and ecosystems around them, track their progress based on different practices, and learn where to improve over time to drive beneficial outcomes on the ground. Beyond getting certified, optional leadership criteria invite participating organizations to raise the bar through areas like regeneration, renewable energy, and textile-to-textile recycling.

Over time, the unified standard will be improved and adapted using insights from the auditing process and outcome measurements. This will help make sure it brings more meaningful benefits to those producing materials for the industry, as well as those directly impacted by the practices they use.

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Needs justification

Over the last 20 years, Textile Exchange's internationally recognized standards for the production of different fibers and raw materials have helped build integrity in the industry. During that time, we have grown from covering the gap in verification for products made with organically grown fibers and materials to covering recycled content and animal welfare too.

Standards and certification are a key part of Textile Exchange's current work. As of May 2024, we have over 70,000 certified facilities and manage the leading chain of custody certification in the textile space for recycled content and animal welfare.

Our mission has always been focused on the impacts at the beginning of the supply chain and the inherent gaps between raw material producers and brands, retailers, and consumers. During this time, we have expanded our vision for supporting responsible practices and, alongside the industry, learned about the risks and opportunities for addressing a broad range of sustainability issues at the production and initial processing levels.

However, all of our current material-specific standards (including the Global Recycled Standard (GRS), Recycled Claim Standard (RCS), Responsible Wool Standard (RWS), Responsible Mohair Standard (RMS), Responsible Alpaca Standard (RAS), and Responsible Down Standard (RDS) were developed independently and operate uniquely in terms of structure and reach. Each standard incorporates its unique focus areas; for example, while standards like the RWS, RMS, and RAS all contain land management and social criteria, the RDS does not include those attributes.

For this reason, in 2021, we began a comprehensive revision of our existing standards framework to develop a more harmonized system across all of our material-specific standards. This journey towards unifying Textile Exchange's standards system has focused on exploring where it is relevant and meaningful to incorporate climate and nature impact areas across all materials in scope, addressing how the material is managed on the ground as well as in the first processing stage.

Ultimately, our goal is to meaningfully embed our organizational climate and nature goals into the production of all raw materials included in the scope of our certification, as well as to facilitate simplified communication at the consumer level through more integrated and aligned claims and labeling.

Risk assessment

Following best practice in standard-setting, substantial revisions should occur at least every five years. In the past, each Textile Exchange standard has undergone a substantial revision every three to five years to ensure that it remains fit for purpose, guided by multi-stakeholder input for content and decision-making.

Standards are a crucial tool to drive adoption of preferred fibers and materials and as such, there is the opportunity to use our standards system as a key driver towards our organizational goals for climate and nature. However, the need to create a more harmonized and cohesive system has become evident.

This risk assessment was conducted at the beginning of the unified standard development process, and found that continuing with a set of stand-alone standards as we have in the past rather than moving to a harmonized system prevents us from:

- Meaningfully embedding our organizational goals for climate and nature into our standards, driving beneficial outcomes for soil health, water, and biodiversity while respecting human livelihoods and animal welfare;

- Utilizing certification audit processes to efficiently collect relevant climate and nature impact data related to on-the-ground practices;

- Creating efficiency in the supply chain for certification covering different fibers and materials;

- Establishing stronger communication and connection with Textile Exchange's vision and mission.

Any standard development brings its own set of risks. Below is a summary of identified risks and how to mitigate them.

Risk 1: Failure to address Textile Exchange's desired climate and nature outcomes at the material production and initial processing stages and monitor impacts over time.

Mitigation goal: Textile Exchange's leadership and board are aligned in the belief that it is impactful to embed climate and nature outcomes into the unified standard at the material production and initial processing stages specifically. Developing content for climate and nature outcomes at these stages will be largely new in our standards, particularly with a focus on producer-level feedstock practices. We envision our unified standard system to address climate and nature outcomes across soil health, water, and biodiversity, with a priority placed on reducing greenhouse gas emissions. We envision new impact requirements at Tiers 1-3 to be optional in most cases. To ensure we are reaching our desired outcomes, Textile Exchange is planning to transition through a hybrid approach that maintains traditional practice-based requirements blended with a more outcome-focused approach for the unified standard, which will be further discussed as part of its development.

Risk 2: Contributing to the proliferation of standards in the industry.

Mitigation goal: As part of the unified standard development, we will be conducting thorough research on available standards and other tools in the industry that address similar impact areas for fibers and materials today, and where we see gaps. We will then further evaluate whether the best approach is one that recognizes existing standards and focuses on partnerships across schemes.

Risk 3: Not inspiring and equipping the industry sufficiently to improve sourcing and production practices, such as human rights, chemical management, and waste reduction.

Mitigation goal: There is a strong interest in finding an effective way to include human rights in the revised standard system. Currently, only the Global Recycled Standard (GRS) includes social requirements at facilities that process recycled content, and the Responsible Wool/Mohair/Alpaca standards have social requirements at the farm level. Social requirements will be a focal point for discussion during standard development.

Another area we will explore relates to chemical management. Currently, chemical requirements are part of the GRS and are only applicable for downstream textile processes (Tier 1-3). The three criteria in the GRS (i.e. SVHC, Hazards, and ZDHC MRSL) would not work for initial processing. During the standard development, we will evaluate if ZDHC tools are suitable to be applied to fiber production of select materials requiring chemical management.

Regarding waste reduction, currently the recycled standards (Recycled Claim Standard (RCS) and GRS) only verify whether material is recycled or not. They do not verify any other steps in the waste hierarchy (reduce waste, reuse materials, and recycle). This has caused an unintended consequence of creating incentives to increase or at least not reduce waste in production. In order

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to incentivize and encourage efficient use of materials, we would like to explore options to facilitate waste reduction in all facilities, especially those that supply reclaimed material for pre-consumer recycling.

Risk 4: Not addressing industry demands for fiber and material types that our standards currently do not include and may need stronger certification requirements, such as the inclusion of animal-based fibers like yak or cashmere, or the inclusion of forest-derived fibers like man-made cellulosic fibers (MMCF).

Mitigation goal: In addition to wool, mohair, alpaca, and down, which we cover today, we plan to evaluate options for the potential inclusion of cashmere and yak, either as criteria of the unified standard or via the recognition of peer schemes. How to best include forest-derived fibers like MMCF will also be part of the standard development.

Risk 5: Not elevating the treatment of animals and omitting to take animal welfare to the next level.

Mitigation goal: We will evaluate our approach to animal welfare more holistically in alignment with our desired outcomes for climate and nature.

Risk 6: Not further evaluating the increase and adoption of innovative material substitutions.

Mitigation goal: Our approach to biosynthetics and additional recycled inputs will be further evaluated during this development process. We also plan to have an evaluation process for efficiently adding new materials that will further our impact in the future.

Timeline

After review and approval of the public project plan from an International Working Group (IWG), the first draft of the unified standard was made available for public consultation from May to July 2023, with the second draft open for public consultation from October to November 2023.

We released the content of the standard in stages. For the first draft consultation, most of the standard criteria for organizational management, human rights, land use, animal welfare, and processing facilities were available for comments. Each criterion was tagged as a Conformance-related criterion (binding), or a Leadership criterion (non-binding).

For the public consultation on the second draft, we released the revised content from the first draft based on feedback received. Additionally, new draft content was included covering criteria for group certification, chain of custody, logo use and claims, and slaughterhouses, as well as monitoring, evaluation, and learning (MEL) indicators.

Following invaluable feedback from stakeholders, the pilot version of the unified standard will be released in mid-2024 under a new name. The rest of our progress in 2024 will then be focused on feasibility testing, the preparation of supplementary documentation, and outreach events to raise awareness among standard users. Learnings from these activities will be used to refine criteria and related policies for the final version of the standard which, following pilot testing and system updates, will be published in mid-2025.

The final published standard will state an effective date and a mandatory date. The effective date is planned for the first quarter of 2026 and means that auditing and certification may begin on a voluntary basis whereby organizations may request an audit to the unified standard from licensed certification bodies. This will remain optional during a transitional period for organizations already certified to current standards superseded by the unified standard, including the Global Recycled Standard (GRS), Recycled Claim Standard (RCS), Responsible Wool Standard (RWS), Responsible

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Mohair Standard (RMS), Responsible Alpaca Standard (RAS), and Responsible Down Standard (RDS).

The mandatory date is planned for mid-2026, 12 months after the final standard publication date. This means that all applicable audits (for both sites that are already certified and new applicants) will be required to be to the new unified standard from that date onwards.

There are two key objectives to our pilot testing before finalizing the standard:

1. Criteria feasibility assessments:

Assess key questions around the feasibility and auditability of the criteria for the intended fiber and material scopes in a varied set of conditions that are representative of the applicable scopes in the certification program. This will include ground-truthing criteria in terms of clarity, means of verification, cost/benefit analysis, and impact across contexts, as well as testing key changes such as the group certification model, the definition of smallholders and criteria applicability, and reutilization of by-products. We will also assess the impact on fee structures.

2. Testing related tools and guidelines:

Evaluate the efficacy, use-case and practicality of various sets of tools for data collection, along with resources designed to support users in their implementation of the standard. This includes testing the Monitoring, Evaluation and Learning (MEL) standard indicators and their means of collection through the farm and processing facility questionnaires and other scope-related tools and guidelines (e.g., ZDHC guidelines, various HR&L resources). Insights gained will inform necessary improvements and adaptations to these tools and guidelines, as well as assess the infrastructure requirements for data collection, recording, monitoring, and reporting.

Decision-making process

Textile Exchange's Standards System team, in close collaboration with the International Working Group, will have the authority to approve the unified standard. There are multiple opportunities for the public to provide feedback throughout the revision process. Please review section A4 of our Standard Setting Procedures on how decisions are made (ASR-102-V3.0-2021.11.16).