Project Plan: Unified Standard Development

July 2023

Introduction

Textile Exchange is committed to building credible, internationally recognized standards that include evaluation systems as well as assurance and monitoring. As a member of ISEAL, Textile Exchange follows three Codes of Good Practice in addition to its own procedures for Standard Setting, Accreditation, and Certification. All of Textile Exchange's standards are international, voluntary standards that set requirements for third-party certification of material inputs and chain of custody.

In July 2021, Textile Exchange began a comprehensive revision of its standards framework with the intent to embed Textile Exchange's Climate+ strategy into a more unified[1] standard system across all current standards.

Objective and Goal

The unified standard aims to meaningfully embed Textile Exchange's Climate+ goal into the raw material scope for all materials included in its certification, as well as to harmonize systems across the full scope of standards, and to create stronger communication at the consumer-facing level.

The Textile Exchange Climate+ goal is focused on a 45% reduction in greenhouse gases from fiber and raw material production and has a direct connection to the impacts and outcomes that are driving the development of criteria for the unified standard.

Scope and Geographic Application

During the development process, we will be moving from eight fiber & material specific standards to a more harmonized standard system, which will have criteria applicable to different materials/feedstocks as well as supply chain tiers. The main impact areas of the unified standard system focus on Tier 4 raw material management (e.g., cultivation and extraction of raw materials from the earth, plants, or animals), and tier "3.5" first processing (e.g., ginning, retting, degumming, cottonizing, wool scouring, dissolving pulp, chemical/mechanical recycling). The materials proposed for the scope of the unified standard include:

- Animal-derived: wool, mohair, alpaca, yak, cashmere, down
- Recycled: synthetic and natural materials
- Fiber Crops: cotton
  Summary papers are included for the above material categories but are not planned for the following; however, relevant details will be found in discussion papers, available upon request.
- Forest-derived: MMCF, latex
- Biomaterials: biosynthetics

There are pre-existing standards that address some of these specific fibers or materials, but none that offer a comprehensive approach to material sourcing in line with climate targets. In order to ensure the harmonized standard system does not create duplication of efforts that are part of other programs which can place burden on

---

[1] "Unified" standard is being used as a placeholder to refer to the development of the harmonized standard system. A concurrent process is underway to establish a name for our future standard(s).

Textile Exchange

participants, we are exploring an approach that would recognize initiatives in line with the outcomes identified in our standard. Our recognition approach will be shared for public comment when the second draft of the unified standard will be released for public consultation in Q4 2023.

Chain of custody will remain from source to the final product through the Content Claim Standard, with the brand being the last organization requiring certification in the supply chain.

The standard will be globally applicable, with no explicit geographic limitations except those which may occur due to legal restrictions.

Desired Outcomes

We envision an enriching global textile industry that protects people and planet by positively impacting climate, soil health, water, and biodiversity. The focus for the harmonized Textile Exchange standard system will be to drive the increased adoption of best practices in fiber and material production and sourcing that lead to positive impacts in line with our Climate+ goal as well as other key impact areas approved in our strategy. The collective impact areas are categorized under the following pillars:

Climate+ Outcomes:

- Reduce GHG emissions
- Soil health
- Biodiversity
- Water resources

Other Key Impact Outcomes:

- Animal welfare
- Human rights and livelihoods
- Chemical management
- Waste reduction

Needs Justification

Textile Exchange has owned content claim and chain of custody standards for more than ten years. During that time, we have grown from covering the gap in verification for products made with organically grown textiles to covering recycled content, animal welfare, and combining facility level requirements for a more complete set of product claim standards.

Textile Exchange's 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 the 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 material-origin and initial processing levels.

Each standard (GRS, RCS, RWS, RMS, RAS, RDS and OCS[2]) was developed separately, operating uniquely in terms of structure and reach. Each incorporates its unique focus areas. Standards like the RWS, RMS, and RAS all contain land management and social criteria, whereas the RDS does not include those attributes. The aim of this unification is to pivot the standards to incorporate the Climate+ and other key impact areas at the raw material level by addressing how the material is managed on the ground as well as the first stage of production.

This shift in scope represents our standard for raw material certification. Certified materials will be tracked through the supply chain through Textile Exchange's pre-existing chain of custody standard: the Content Claim Standard (CCS). The unified standard impact criteria are being developed in Tiers 4 and 3.5 of the supply chain while the CCS provides the mechanism for tracking and handling of the certified inputs through to the finished product.

Standards and certification are a key part of Textile Exchange's current work and a perceived value in the industry. As of the end of 2022, we have over 60,000 certified facilities and manage the leading chain of custody certification in the textile space for recycled content and animal welfare. Standards are a crucial tool to drive adoption of preferred fibers and materials; as such, there is the opportunity to use our standards as a key driver towards Textile Exchange's Climate+ goals.

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.

In alignment with our Climate+ strategy, creating a harmonized and cohesive standard system has become evident. Continuing with a suite of stand-alone standards as we have in the past rather than moving to one unified system would prevent us from:

1. Meaningfully embedding Climate+ outcomes into our standards (carbon, soil health, biodiversity, and water);
2. Utilizing certification audit processes to efficiently collect relevant Climate+ impact data related to on the ground practices;
3. Creating efficiency in the supply chain for certification covering different fibers and materials;
4. 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.

1. Risk: Failure to address Climate+ desired outcomes at tiers 3.5 and 4 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+ outcomes into the unified standard at tiers 3.5 and 4 specifically. Developing content for Climate+ outcomes at these tiers 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+ outcomes across soil health, biodiversity, and water with a priority placed on reducing GHG 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 co-mingled with a more outcome-focused approach for the unified standard, which will be further discussed as part of the standard development.

---

[2] GRS – Global Recycled Standard; RCS – Recycled Content Standard; RWS – Responsible Wool Standard; RMS – Responsible Mohair Standard; RAS – Responsible Alpaca Standard; RDS – Responsible Down Standard; OCS – Organic Content Standard

2. Risk: 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 wherever we see gaps. We will then further evaluate whether the best approach is one that recognizes existing standards and focuses on partnerships across schemes.

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

Mitigation goal: There is strong interest in finding an effective way to include human rights in the revised standard system. Currently, only the 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 tier 3.5. During the standard development, we will evaluate ZDHC tools for their suitability to be applied to fiber production of select materials requiring chemical management.

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

4. Risk: 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 inclusion of cashmere and yak, either as criteria of the unified standard or via recognition of peer schemes. How to best include forest-derived fibers like MMCF will also be part of the standard development.

5. Risk: 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 lockstep with Climate+ desired outcomes.

6. Risk: 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 revision. We also plan to have an evaluation process for efficiently adding new materials that will further mission impact in the future.

Timeline

The development towards a unified standard system has been underway since we first announced our Climate+ strategy in 2019. The draft standard will be made available for public comment in two iterations: the first draft will be released for public comment in May 2023, and the second draft is estimated to be released for public comment in September 2023; timelines may be adjusted.

In the draft versions for public consultation, we have decided to separate the content into two drafts that will be published at different times. In this first draft consultation, the majority of the standard criteria sections will be available for review. The areas included in the first draft consultation include conformance-related criteria and leadership areas (recommendations) for organizational management, land use, animal welfare, human rights, and facility/environmental.

In the second draft planned for quarter 4 of 2023, we will release the revised content from the first draft (after review of feedback from the open consultation period). Additionally, new draft content covering supplementary criteria for group certification models, chain of custody, trademark use, and slaughterhouses, as well as impact indicators, related policies addressing areas such as supply chain voluntary modules and a recognition program, will be included.

The final standard is planned to be released in early 2024. When the standard is finalized, this will not mean that it is immediately effective or mandatory. Throughout 2024, we will conduct a full internal systems update, as well as provide the necessary implementation planning for all stakeholders in the system. This means taking adequate time to align across our assurance system, the certification bodies' systems, and sites that will need time to prepare their operations to get certified. We will also update pre-existing documents to reflect the harmonized standards system.

According to our current standard finalization and implementation timeline, the standard will be effective in 2025. This means that sites will be able to request certification and certification bodies will be equipped to audit against the standard. In 2026, the standard will be mandatory, meaning all sites will need to be certified to the harmonized system and the unified standard system will supersede applicable previous standards, which will be defined in the final standard.

How to Participate

Textile Exchange's Standards Team is leading this revision process in close collaboration with the International Working Group. The public will have multiple opportunities to provide feedback throughout the revision process. Textile Exchange, in collaboration with the International Working Group, will be releasing a minimum of two drafts for public comment. The first draft will be live from May-July for 60 days, the second draft is estimated to go live for a minimum of 30 days.

All information on how to participate in public consultations can be obtained here. To support raising awareness of our draft standard being open for input, we have different outreach activities planned: we are utilizing our round tables through virtual and in-person events to provide updates and overview information, we are holding public webinars and posting the recordings, we are sending notifications on our Hub, and we are providing summary papers with more information to help comprehension of new areas and key changes.

Please visit the unified standard system development website for updates on the process and information on how to provide feedback on the draft standard. We are committed to hearing input from our stakeholders and looking for opportunities to make improvements. Any questions or comments can be directed to Standards@TextileExchange.org or shared via this link.

Decision-Making Process

Textile Exchange's Standards Team, in close collaboration with the International Working Group, will have the authority to approve the Standard. Please review section A4 of our Standard Setting Procedures on how decisions are made (ASR-102-V3.0-2021.11.16).