

APPENDIX A: Criteria for a Just and Regenerative Cotton Supply Chain

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CRITERIA	DESCRIPTION	BUSINESS MODEL EXAMPLE
REGENERATION Production environments are regenerating and replenishing	Cotton is grown in ways that regenerate soil health, water quality and ecosystems. Sustainably grown cotton is the norm, with farmers rewarded for good stewardship and contribution to net positive impacts and practices. Cotton production is understood as part of, and contributing to, wider living systems on which all life depends.	<ul style="list-style-type: none"> ● Payment for ecosystem services (e.g. ecosystem services market approaches, Impact Incentives, Pur Project) ● Sourcing “Cotton in conversion” — enabling transition to regenerative production (e.g. Patagonia)
EMISSIONS/ECOSYSTEMS Resources used across the supply chain support healthy ecosystems and do not contribute to GHG emissions	Key natural resources — such as carbon, water and soil — are factored into costing and decision-making. Marketing and pricing encourage and incentivize sustainable consumption and products are designed for longevity and circularity. Greenhouse gas emissions are net zero, and on a net positive trajectory.	<ul style="list-style-type: none"> ● Shadow carbon pricing (e.g. Royal DSM) ● Marketing a “capsule wardrobe” to consumers (e.g. Ninety Percent) ● Re-use models (Vestiaire Collective) ● Commercially supported landscape models
CIRCULARITY Cotton supply chains are circular, with no or minimal waste	Waste is designed out at every stage — from production through processing, shipping, storage, sales and consumption. Transport is reduced and some supply chains are shorter. Unused materials are repurposed, reused or recycled. Products are designed for recyclability and repurposing. Technologies that support recycling at scale are mainstream.	<ul style="list-style-type: none"> ● Mudd jeans — designing for recyclability
LIVELIHOODS Producers and workers enjoy sustainable thriving livelihoods	Living wage / income is built into business models throughout supply chains. Financial risk and reward are shared equitably among supply chain actors. Multi-year contracts	<ul style="list-style-type: none"> ● Cooperatives plus vertical integration (e.g. Divine Chocolate, Ethicus)



	<p>and long-term commitments for producers are the norm, as are conditions which enable better social, economic and environmental outcomes. Communities have access to sectoral information, research, technology, investment, markets, critical resources, infrastructure and education to develop their potential.</p>	<ul style="list-style-type: none"> ● Shared insurance policies, limiting onus based on a chain of custody model ● Long-term contracting and multiplication contracting arrangements ● Shared assets and capital — technological, resourcing and land — models ● Sustainable commodities (knowledge) exchange
<p>VOICE Smallholder producers and workers have power, agency and voice in decisions impacting them</p>	<p>All actors across the cotton value chain have equal opportunity to communicate and participate in decision making and discussions on sectoral challenges and opportunities. They have transparent information over supply chain mechanics, ownership of their intellectual property, voice on how contracts are shaped and adapted, and the means to adapt practices and decisions to their specific context.</p>	<ul style="list-style-type: none"> ● Landscape approaches ● Farmer cooperatives influencing trade terms (Chetna Coalition) ● Examples where producers control processing facilities
<p>DATA Data is a force for good, it's collected and used responsibly and serves all actors in the value chain equitably</p>	<p>Producers own and access their own data and benefit from business models that increase value through transparent data. Fair payment is exchanged for collecting and sharing good-quality data and value chains are fully traceable and transparent. Information on pricing and margins is widely available, creating a more level playing field for negotiation throughout supply chains.</p> <p>Consumers can make informed purchasing decisions and those who make commitments can be held accountable. Predictive data (e.g. on climate change or product demand) non-proprietary, enabling informed decision-making at every level.</p>	<ul style="list-style-type: none"> ● Publishing prices/margins throughout the supply chain (e.g. Everlane, Uncommon Cacao) ● Platform that enables farmers to collect and sell on-farm data (e.g. Farmobile) ● Customer demand is communicated to producers in real-time (e.g. Bombyx)

<p>RESILIENCE Everyone in the value chain is more able to cope with shocks, adapt to climate change impacts and other disruptions</p>	<p>There is capacity across the value chain to adapt to mid-and-long term disruptions, including climate change impacts. Financial/ social safety nets or mechanisms are in place to allow continuity during periods of disruption.</p>	<ul style="list-style-type: none"> ● Risk-sharing at times of crisis, e.g. contracts that share risk ● Insurance e.g. crop insurance
<p>ADAPTATION Support is in place for a just transition to adapt and transform the sector</p>	<p>There are active transition pathways and support that combine climate mitigation, adaptation and increased equity across the value chain. The transition specifically focuses on justice and includes those who are no longer able to grow or process cotton as well as those that continue in the sector.</p>	<ul style="list-style-type: none"> ● Crop replacement models — aggregators/traders facilitate cross-sector support for farmers who are no longer able to produce cotton to grow a short-term cash crop. ● New relationships and configurations across value chains support adaptation and transformation.

To find out more about Cotton 2040 and its work on innovative business models contact Hannah Cunneen, Cotton 2040 Programme Lead, at h.cunneen@forumforthefuture.org.

For further information on a just and regenerative approach to business see [A Compass for a Just and Regenerative Business](#) by Forum for the Future and World Business Council for Sustainable Development.