



Cotton 2040: Creating a resilient cotton industry in turbulent times

Invitation to join an ambitious collaborative initiative aiming to drive change in the cotton system so it can thrive and contribute positively to environmental, social and economic challenges in an increasingly climate-disrupted world.

March 2020

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About Cotton 2040

The cotton system will need significant, and in cases radical, change to become resilient in an increasingly climate-disrupted world. This can only be achieved by a systemic, collaborative approach involving actors across the supply chain.

Cotton 2040 is a pre-competitive multi-stakeholder initiative which exists to support the shift to a sustainable global cotton industry,

- which is **resilient** in a changing climate;
- which uses **business models** that support sustainable production and livelihoods; and
- where **sustainably produced cotton** is the norm.

Facilitated by Forum for the Future and supported by Laudes Foundation, **Cotton 2040 aims to accelerate progress and maximise the impact of existing sustainability initiatives across the global cotton industry**, by bringing together leading international brands and retailers, sustainable cotton standards, existing industry initiatives and other stakeholders across the value chain.

Cotton 2040's progress to date includes building the CottonUP Guide to sourcing sustainable cotton and foundational work in standards alignment. As we enter the critical decade for action on the Sustainable Development Goals, **Cotton 2040 is now embarking on an exciting, ambitious next phase of work** to continue to drive transformational change in the cotton industry.

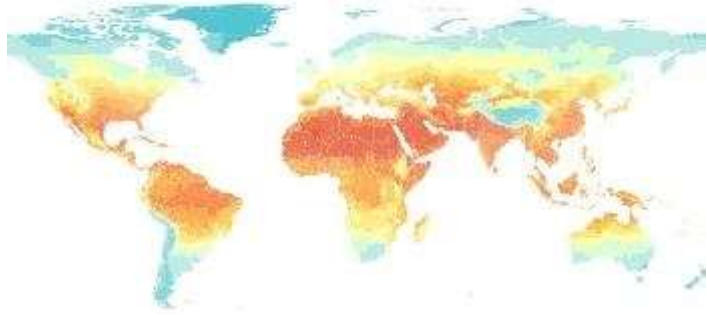
We'd love you to join us!

Please contact Charlene Collison, Associate Director – Sustainable Value Chains & Livelihoods at Forum for the Future on c.collison@forumforthefuture.org for more information.



Driving transformational change across three collaborative workstreams

From 2020-2022, Cotton 2040 and its partners will deliver three interconnected, sequenced workstreams that present the most significant potential to create a systemic shift to mainstream sustainable cotton.



1

Creating sector-wide collaborative action to understand and adapt to the changing climate



2

Increasing uptake of sustainable cotton from brands and retailers



3

Scaling sustainable business models that enable a sustainable cotton industry

We are now inviting expressions of interest and commitment from organisations wishing to contribute to one or more of these workstreams in 2020 and beyond.

Details of each proposed workstream are summarised over the following pages.

Why sustainable cotton?

Cotton represents about 25%¹ of all fibre used in the textile sector globally and supports the livelihoods of around 350 million people.

Cotton production can present significant **environmental, social and economic challenges** including:

- water quantity and quality issues, inappropriate and excessive use of pesticides and fertilisers, soil depletion
- low incomes for smallholder farmers, forced and child labour, and price volatility.

Additional **climate change pressures** include changing rainfall patterns, availability of water, rising temperatures and competition for land for food, fuel and carbon capture.

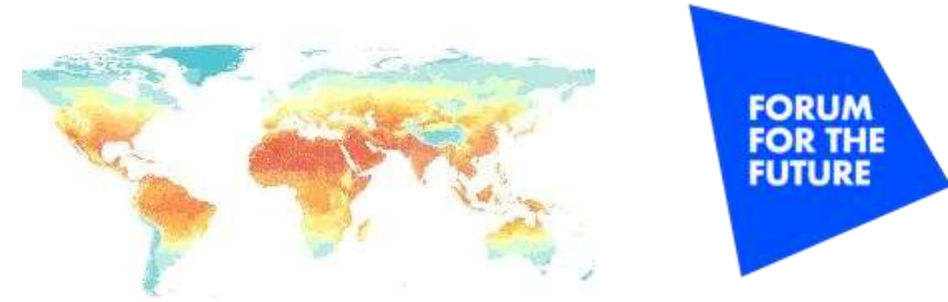
Increasing the amount of **sustainably grown cotton** is key to reducing cotton's impact and adapting to the negative impacts of the climate crisis; but while progress is being made, **uptake** and production is limited, preventing sustainable cotton from mainstreaming.

Yet sustainable production alone will not make the sector resilient to climate disruption. There is no cross-sectoral, cotton-specific, or widely available **climate impact data**, farmers have little **adaptation guidance**, and businesses are unprepared for **changes in supply**. It is also clear that the **current business model** doesn't work well for smallholder farmers in the main, and climate change will put further pressure on the current model, resulting in even more **pressure on the most vulnerable people in the supply chain**.



¹ Textile Exchange Preferred Fiber Material Market Report 2019 report 24.4% in 2018/2019

1 Creating sector-wide collaborative action to understand and adapt to the changing climate



Why is this a priority?

We know that global warming could reach 1.5°C as early as 2030, with profound disruptive effects on agricultural systems. Low incomes and livelihood insecurity perpetuate a cycle of poverty within farming communities. For businesses, future cotton supply is at risk if growers have to switch to other more resilient and profitable crops, or are driven out of farming.

The climate crisis, and our response to it, will fundamentally transform society and global industries - either to stay below 1.5°C-2°C, or in response to disruption from climate change extremes. The effects of the climate emergency are not only a future risk - the impacts are already being felt.

And at the same time there is currently little dialogue across the cotton industry about what this might actually mean for key cotton growing regions and the wider industry, and how they can develop coordinated responses.

Key deliverables (2020-2022):

Create a comprehensive set of climate change data and a visual 'map' for the cotton industry to understand the potential impacts of climate change on cotton production around the world, with a specific focus on India.

Develop and test a set of systemic approaches that could build climate resilience in the cotton system.

Co-delivery partner:



Who will benefit, and how?

Cotton producers and businesses will benefit from this work by developing a better understanding of the risks, gaining access to shared, sector specific information to plan effectively how to respond to changes and by being able to collaborate to shape adaptation approaches across the cotton system.

Brands and retailers will benefit from being better prepared for likely changes in their supply chains due to climate change impacts.

Industry initiatives will benefit by gaining access to a consistent data set to make adaptation and mitigation plans.

Desired change outcomes:

A common understanding across the cotton system as to how climate change is likely to impact key stakeholders and regions, and a shared set of priorities for action across the cotton sector.

1 Creating sector-wide collaborative action to understand and adapt to the changing climate

Goal: the cotton industry is more resilient in a changing climate

Key deliverables (2020-2022):



Gather climate, environmental and socio-economic data, explore and consolidate the potential impacts of climate change on cotton production;

Stress-test the data/findings that emerge with experts and key stakeholders;

Generate a climate impacts 'map' for the cotton sector

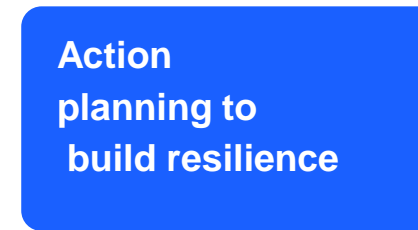


Build a common understanding as to how climate change is likely to impact key stakeholder groups and regions;

Convene stakeholders to review and explore the findings from the 'mapping' research phase;

Share research findings with wider industry;

Explore potential interventions that could build resilience



Articulate a set of responses/interventions that could build resilience across and within the cotton system;

Facilitate key stakeholder groups in developing action plans and priorities;

Scope a small number of pioneering approaches/pilots to increase climate resilience in cotton production in specific regions, e.g. a multi-crop landscape approach



Co-delivery partner:



2 Increasing uptake of sustainable cotton from brands & retailers



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Co-delivery partner:



Why is this a priority?

For more sustainable cotton to become mainstream, both production and uptake need to increase significantly. While the share of more sustainable cotton being produced increased from 12% in 2015/16 to 25% in 2018/19¹, uptake by brands and retailers remains low. They are only actively sourcing around 25% of available supply – or 5% of all global cotton production – as more sustainable cotton, leaving 75% to be traded as conventional cotton¹².

Although a number of leading brands are making commitments to increase sourcing of more sustainable cotton, many brands and retailers have yet to create a sourcing policy or set specific sourcing targets. (See also: [Sustainable Cotton Ranking 2020](#)).

In the current retail climate, brands may be less willing to invest in sustainable fibres, which may increase costs and reduce profit margins, unless they perceive a compelling business case and an easy and practical pathway to transition.

Key deliverables (2020-2022):

Develop a business case for investors to include responsible cotton sourcing practices in their ESG Risk Assessment criteria and promote it to the investor community, with the aim that they, in turn, will influence brands and retailers to source sustainable cotton.

Engage brands and retailers sourcing significant volumes of conventional cotton, but who do not currently choose sustainable cotton options, with a strengthened business case. We will partner with them to increase their uptake through bespoke support, including a practical capacity building programme (focus on USA, Europe, India, and Japan), baselining for current cotton sourcing, and providing further support through Cotton 2040 communications and networking activities.

Continue to improve, update and expand the reach of the CottonUP Guide www.cottonupguide.org.

¹ Textile Exchange Preferred Fiber Material Market Report, 2019

² <https://www.sustainablecottonranking.org/>

2 Increasing uptake of sustainable cotton from brands & retailers

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Co-delivery partner:



Benefits of Brand Involvement

Increasing your sourcing of sustainable cotton can help secure your business future. This 3 year programme will support and guide brands just beginning this journey along the key steps to sourcing sustainable cotton.

Get involved

Join a movement to help create a sustainable and resilient cotton industry, and future-proof your supply.

Contact Elizabeth Rich to find out more e.rich@forumforthefuture.org.

>1

Commit to taking first, important steps to sourcing more sustainable cotton. Brand declaration of intent to Cotton 2040.



>2

Baseline your current cotton sourcing practice with Cotton 2040; you will receive help with tracking progress throughout the project.



>3

Communicate

Receive resources to communicate the case for sustainable cotton internally, as well as to external stakeholders such as investors.



>4

Capacity Building

Participate in a bespoke learning & engagement plan including tailored workshops and webinars.



>5

Access to project resources to help brands develop a winning strategy by setting clear goals and roadmap to achieve targets.



>6

Progress Tracking to evaluate progress on your sustainable cotton journey and develop a roadmap with robust KPIs.



>7

Brand Recognition Brands will be able to market their success in sourcing more sustainable cotton, showcasing their work and joining a wider community of leading brands.



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2 Increasing uptake of sustainable cotton from brands & retailers

Who will benefit, and how?

Brands and retailers will position themselves as leaders in sustainable cotton and be able to future-proof their supply. This workstream can support them to work towards individual organisational sustainability goals as well multi-stakeholder objectives. Brands and retailers will have easy access to the tools they need to build robust strategies for sourcing sustainable cotton and embed it in their organisation. They will also better understand the expectations of their consumers and investors.

Cotton standards will benefit from building on our past work in Cotton 2040, aligning and collaborating on critical common issues across the sector. We will continue to support standards to speak with a united voice to raise awareness among brands and retailers of the benefits of prioritising and sourcing sustainable cotton across standards. This work will also allow cotton standards to send a consistent message to the investing community as we build out our ESG financial case.

Cotton farmers will benefit from increased uptake of sustainable cotton by having time to switch to sustainable production methods that are more resilient and adaptive to climate disruption. Sustainable cotton production helps support farmer resilience by reducing potentially harmful inputs on the farm, and farmers are likely to receive increased training which builds capacity for long-term sustainable farming practices.



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Co-delivery partner:



Desired change outcomes:

An increase in the number of major brands developing a sourcing strategy for sustainable cotton.

An increase in the percentage of sustainable cotton sourced by key target brands.

Investors prioritise sustainable sourcing practices related to cotton in ESG reporting.

2 Increasing uptake of sustainable cotton from brands & retailers



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Goal: Increase uptake of sustainable cotton by new brands and retailers

Co-delivery partner:

Key deliverables (2020-2022):



Business case for investors

Develop a business case for investors/asset managers to include responsible cotton sourcing practices in their Environmental, Social and Governance (ESG) Risk Assessment criteria

Disseminate research on ESG risk to the investment community

Influence brands & retailers to source sustainable cotton.

Engagement with brands & retailers

Capacity building programme for brands & retailers to support implantation of sustainable cotton sourcing

Alignment with industry initiatives to allow a clear & consistent sourcing strategy.

Integrate insights from other Cotton 2040 work streams into capacity building content where applicable

Regional focus to build uptake in key geographies of US, Europe, India and Japan.

Improving the CottonUP Guide

Translations (e.g. Japanese);

Update existing resources, add new materials including information on recycled cotton;

User experience & technical updates;

Transition the Guide to new 'host' by 2022

3 Scaling sustainable business models that enable a sustainable cotton industry

Why is this a priority?

The way in which cotton – like many other agricultural commodities – is currently traded works very well for a small number of powerful players but the health of the environment and decent livelihoods of farmers and workers are still often not factored in. The failings of current business models are likely to worsen dramatically through the impending climate crisis and associated disruptions. These factors, combined with poor livelihoods and young people turning away from farming, are threatening future supply.

Over 60% of the world's cotton is produced by around 100 million smallholder cotton farmers, with over 90% of them living in developing countries where they grow the crop on less than two hectares. Many of these farmers live below the poverty line, earning less for the sale of their cotton than they need to cover the high input costs and to meet basic needs such as food, healthcare and tools.

Securing future supply of cotton will require a move towards different business models which ensure fairer distribution of value and risk between stakeholders and enable the regeneration of land and resources.

While work is being done by individual cotton standards and commodities on their specific business models, this is largely not shared or aligned. Working on a cross-standard, cross-commodity basis to develop more future-focused approaches has the potential to support longer term resilience for the industry as a whole.



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Key deliverables (2020-2022):

Identify a range of sustainable business models or market-based mechanisms that meet the criteria of a viable, future-ready cotton value chain.

Convene cross-industry collaborations to prioritise a number of sustainable business models and mechanisms to develop and pilot.

Facilitate routes to scale by communicating outcomes, learnings, and recommendations from the pilots and increase the adoption of alternative models.

3 Scaling sustainable business models that enable a sustainable cotton industry



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Who will benefit, and how?

Cotton farmers and workers impacted by pilots experience improvements. New models are verified and ready to scale up to deliver improved and more secure livelihoods, better value distribution in the value chain and increased resilience to climate impacts and other uncertainties.

Brands and retailers will benefit from being able to identify and pilot meaningful ways to address risks to supply, which in turn enables them to communicate their work to consumers and investors.

Cotton standards and other organisations already working on sustainable business models will benefit from being able to join a forum – and participate in pilots – in which they can understand what is, and is not, working, and integrate these insights into their own work in order to build a sustainable model for cotton.

Desired change outcomes:

An increase in the number of viable sustainable business models being trialled by influential actors in the cotton industry.

Pilot projects indicate improvements to the livelihoods of farmers and other workers.

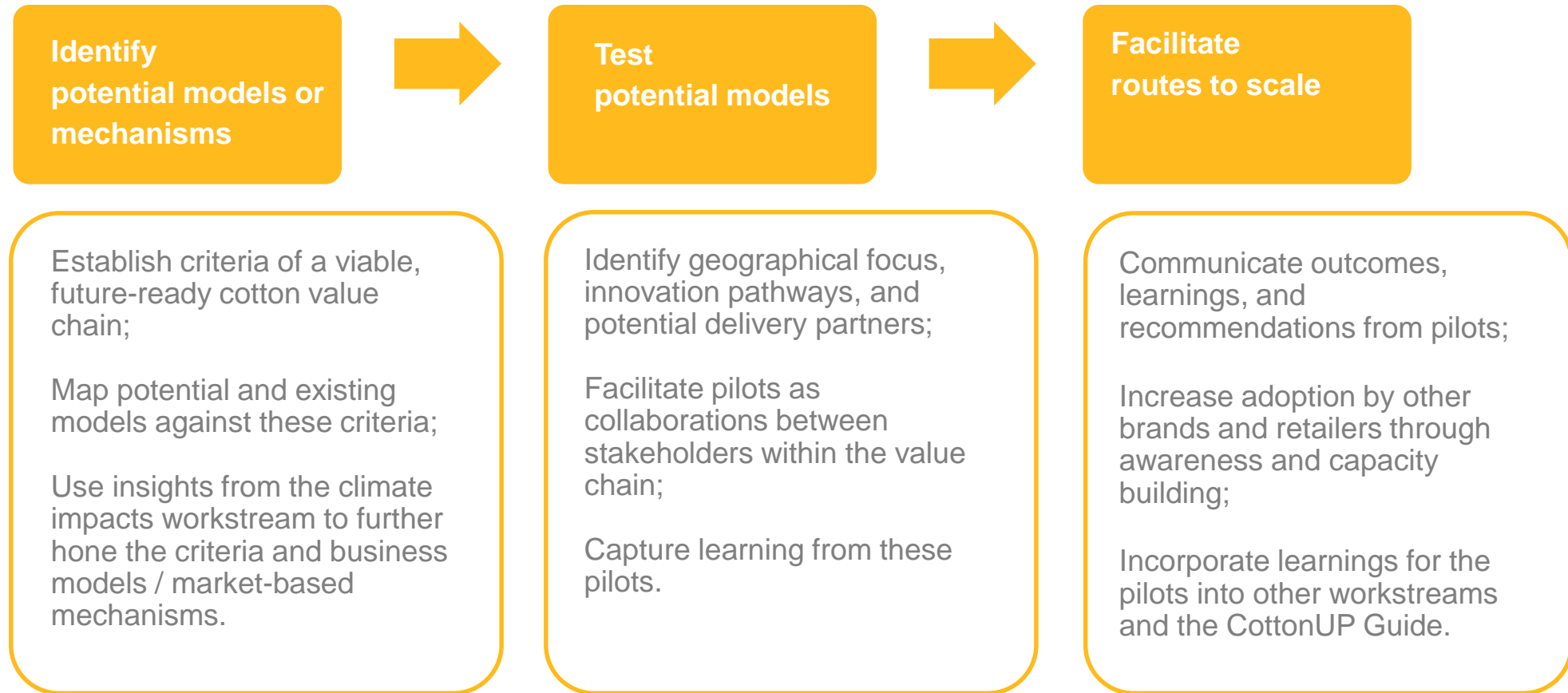
3 Scaling sustainable business models that enable a sustainable cotton industry

Goal: The cotton industry transitions to viable sustainable business models

Key deliverables (2020-2022):



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Progress so far

Since 2015, through the support of Laudes Foundation and efforts of our partners, Cotton 2040 has supported brands and retailers to increase their procurement of sustainable cotton and facilitated collaboration of the sustainable cotton standards.



Collaboration of cotton standards

Through Cotton 2040, the range of sustainable cotton standards have come together to collaborate for the first time on increasing awareness and uptake of sustainably produced cotton.



CottonUP guide to sourcing sustainable cotton

Launched in June 2018, the CottonUP guide gives an overview of the importance and options for sustainable cotton for cotton sourcing professionals and sustainability managers.

www.cottonupguide.org



Alignment on impact reporting

Cotton 2040 has also been working with sustainable cotton standards, programmes and codes on pathways towards greater alignment in traceability and impact reporting, including collaboration with the Delta Project* in the latest phase.

www.deltaframework.org

*The Delta Project is possible thanks to a grant from the ISEAL Innovations Fund, which is supported by Swiss Confederation.

Supporting partners to date





Getting involved in Cotton 2040

Benefits for Organisations

Each of the partners involved in Cotton 2040 has joined in recognition that no one organisation or company can solve the sector's complex challenges alone. But we need many more to join, and more funding, to make the impact that is needed.

We are seeking leading **businesses, civil society, and government organisations** to join our efforts to create a sustainable cotton system. **By joining, partners are able to:**

Experience the power of collaboration with others in the cotton system to deliver change and build stronger relationships

Demonstrate sector leadership and ambition on a critical supply chain challenge.

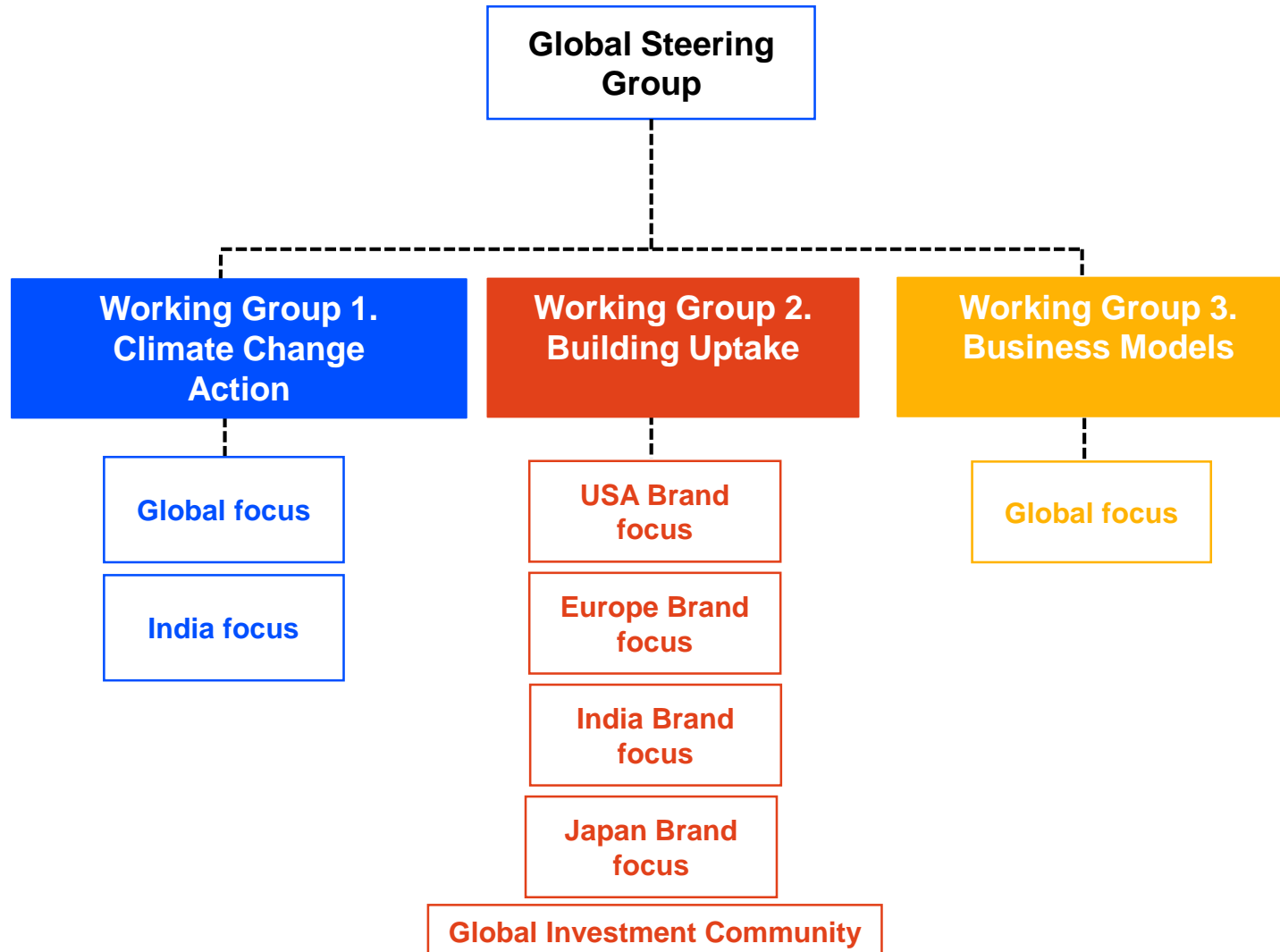
Contribute to and benefit from specific workstream deliverables e.g. a climate impacts map, business case for investors, capacity building for sourcing teams, new business model pilots.

Share expertise and learn from others

Become part of Forum's growing network of organisations driving wider change

Inform the strategy and direction of the work

You can get involved in Cotton 2040 by **driving action in the working groups as a collaboration partner**, in one or more area:



Your involvement as a partner

What the working groups do:

- Advise on the [strategy](#) for the workstream
- Actively help to drive the day-to-day work forward and [direct](#) progress
- Provide in-depth [subject level expertise](#) and experience to the group
- Facilitate wider [stakeholder engagement](#) to support objectives
- Provide [funding](#), and/or link us up to your funding networks
- Option to fund and implement a [pilot](#)

What we expect from working group members:

- Participation in [working group meetings](#) (online and in person; number and locations to be agreed with members)
- [Input](#) on action plans and outputs
- Act as workstream [liaison within their organisations](#)



Involvement in the Global Cotton 2040 Steering Group

By invitation only

What the Global Steering Group does:

- Reviews and provides input into overall strategy, outcomes and priorities.
- Oversees the various working groups
- Provides expert input into the growth strategy
- Helps with external engagement strategy and planning
- Assesses progress on individual workstreams and identifies synergies and common barriers that can be addressed

What we expect from Steering Group members:

- Participation in more than one working group
- Act as project ambassadors supporting strategic engagement and communications
- Broker connections with key stakeholders
- Actively participate in 2-4 calls per year, one of which is likely to be an annual in-person meeting, coinciding with a key industry conference.
- Drive best practice on sustainable cotton in own organisation



Minimum financial contribution

For involvement in one Cotton 2040 workstream

Level	Role	Minimum contribution
Partner	Advising on our strategy for the workstream(s) and actively helping to drive the work forward	<p>Minimum company contributions are linked to revenue and range from £10k to £25k or more.</p> <p>Organisations joining more than one workstream qualify for a 20% discount and may be invited to participate in the Steering Group.</p> <p>For non-profit organisations, contributions can be through in-kind support.</p>

We'd love you to join!

For more information or to discuss how you can get involved, contact Charlene Collison, Associate Director - Sustainable Value Chains and Livelihoods, at c.collison@forumforthefuture.org.

Other ways we can work together

We would love to work with you on a range of other activities linked to Cotton 2040, including:

Mapping Sustainable Cotton in India

With India as the biggest producer of cotton, there is an urgent need for the sector to work collaboratively on understanding key sustainability challenges and identifying critical points of intervention to effect change towards the production and use of sustainable cotton in India. Forum for the Future is bringing together industry players to identify what is currently happening and what needs to happen to realise a sustainable cotton system in India.

Understanding & Responding to Climate Risks in your Cotton Supply Chains

Forum for the Future and Acclimatise can support your business with research and data gathering, risk assessment, benchmarking and supplier engagement to develop adaptation actions to minimise the risks from a changing climate in your cotton supply chains.

Additional Support for Sourcing Sustainable Cotton in your Business

Forum for the Future and Anthesis can provide your business with additional capacity building to further support internal teams to drive towards, and track, sustainable cotton sourcing targets within your company. Activities can also include liaising with suppliers and working with other external stakeholders to build the case for sustainable cotton.

Scaling Business Models that Drive Sustainability in Other Key Commodities

Cotton 2040's work on sustainable business models provides an opportunity to transfer learning across other key commodities. We invite organisations in other sectors that are interested in exploring new sustainable business models to work with us to share and apply learning and efficiencies.

You can also sponsor additional activities and workshops for any of the three Cotton 2040 workstreams in your organisation or region. Please get in touch to find out more.

All of this is supported and facilitated by Forum for the Future who will:



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- > Provide **secretariat support** to the Steering Group and the individual working groups
- > Support **stakeholder engagement** and lead on **fundraising proposals**
- > Provide effective **central engagement** and **communication tools** to support the steering group
- > Manage **contracts** and any **legal matters**
- > Design and facilitate any **member meetings**
- > **Maintain excellent relationships** with and between key collaboration partners
- > **Project manage** the overall initiative to ensure delivery against outcomes, workplan and budget.



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Introducing Forum for the Future

Forum for the Future is a leading international sustainability non-profit with offices in London, New York, Singapore and Mumbai. We specialise in addressing critical global challenges by catalysing change in key systems.

For over 20 years, we've been working in partnership with business, governments and civil society to accelerate the shift toward a sustainable future. Together we are reinventing the way the world works.

www.forumforthefuture.org

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Cotton 2040 is an initiative convened by Forum for the Future as part of its Sustainable Value Chains and Livelihoods Challenge Lab.

The 2020s herald a pivotal moment to deliver on our significant climate, environment and development challenges. It is clear that the scale and pace of change needed will require truly transformative thinking, and action.

This means moving strategies well beyond efficiency or doing less harm and towards new goals that ensure business success also meets the needs of people and the planet.

There is a long way to go in ensuring global commodity value chains are fit for purpose from a sustainable development perspective.

Land-based commodities such as cotton, tea, and palm oil, among others, are staples of everyday life in most parts of the world, and provide livelihoods for millions of people across their value chains. But they too often come with an unacceptably high price tag for the planet, and for farmers and workers.

Many of the fundamental problems in today's value chains can only be truly addressed through a move toward truly sustainable – and by that we mean more equitable, and “regenerative”, rather than just “less extractive” – ways of doing business.

Value chains need to meet human needs within planetary limits, and in a time of accelerating climate crisis, increasing their resilience is critical.

Forum for the Future, through a range of initiatives within its Sustainable Value Chains Challenge Lab, is working to transform value chains of key land-based commodities to be net positive - to put back more into the environment, society and the global economy than they take out - through sustainable and regenerative agriculture, decent livelihoods and fair, transparent business models.

For more information about the work of Forum's Sustainable Value Chains and Livelihoods Challenge Lab, contact Charlene Collison, Associate Director, on c.collison@forumforthefuture.org.

Join us in creating a resilient cotton industry in turbulent times

Contact:

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