U.S. COTTON’S JOURNEY TO SUSTAINABILITY

1970's +

Cotton Producers
Increased Management and Environmental Practices

2013

Cotton LEADS
Producers’ commitment to sustainability. Message conveyed to Manufacturers, Brands and Retailers with over 500 partners.

2017

Cotton USA Sustainability Task Force
More information needed from Supply Chain. Emphasis on continuous improvement. Set national goals for key environmental metrics with a target date of 2025.

2018

U.S. Cotton Trust Protocol
Engage producers in continuous improvement. Can help the industry reach its 2025 goals. Will provide aggregate data to the supply chain.
### SUMMARY OF SCIENCE-BASED GOALS

<table>
<thead>
<tr>
<th>Field to Market’s National Metrics</th>
<th>Improvements by 2025</th>
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</thead>
<tbody>
<tr>
<td>Reduce Land Use (Acres per Lb of Fiber)</td>
<td>13%</td>
</tr>
<tr>
<td>Increase Fiber per Gallon of Water (Irrigation Efficiency)</td>
<td>18%</td>
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<td>Reduce Greenhouse Gas Emissions (LB CO2 per Lb of Fiber)</td>
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<td>Reduce Energy (Btu/Lb of Fiber)</td>
<td>15%</td>
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<tr>
<td>Reduce Soil Loss (Tons/Acr)</td>
<td>50%</td>
</tr>
<tr>
<td>Increase Soil Carbon (% of Fields)</td>
<td>30%</td>
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</table>
U.S. Cotton Trust Protocol

• Two questions to answer

✓ What is the Protocol?

✓ Why do we need it?
U.S. COTTON TRUST PROTOCOL

• A voluntary farm-level program designed to engage growers in continuous improvement

• A program that can help the industry reach its 2025 goals

• A system that will provide aggregate data that can be passed through the textile supply chain which includes: producers, merchandisers, manufacturers, brands and retailers and others
KEY REQUIREMENTS FOR THE PRODUCER

• Completion of a self-assessment questionnaire

• Use of a data tool

• Farming operation profile

• Selection of Gin(s)

• Verification by an independent party
Self-Assessment Questionnaire

- 9 categories with approx. 100 questions
- Choices for answers
  A. I do this now on my operation
  B. I am implementing on 1 or more of my fields
  C. I will consider in next 3 years
  D. Not appropriate for my farming operation
Sample Questions for Soil Health

• **Requirements** – Assure farm meets strict “Conservation Compliance” provisions of the U.S. Farm Law

• **Recommendations** –
  - Utilize conservation tillage
  - Prevent compaction
  - Use vegetation to minimize plant damage from erosion
  - Windbreaks
  - Plant cover crops to increase soil microbiome
Sample Questions for Water Management

• **Requirements** – Comply with local and state requirements on installation of new wells

• **Recommendations** –
  • Use instruments to monitor soil and crop water status
  • Conserve natural rainfall
Data Tools

• Field to Market tool named the FieldPrint Platform
  – Record inputs into a system that measures the environmental impacts of crop production and identify opportunities for improvement

• Additional qualified data management Field to Market partners who can make these recordings for the producer
Verification

• Validate accurate use of the on-line enrollment tool such as the self-assessment questionnaire and the data tool.

• A statistically valid random sample of the producers will be selected each year for an independent third-party verification of their questionnaire and data.
U.S. Cotton Trust Protocol

• Two questions to answer

✓ What is the Protocol?

✓ Why do we need it?
Why? To Drive Continuous Improvement

• Annual quantitative measurements

• Feedback for the producer

• How do you compare?
### Industry’s 10-Year Goals For Environmental Metrics

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<thead>
<tr>
<th>Goal</th>
<th>Soil Health</th>
<th>Nutrient Management</th>
<th>Water Management</th>
<th>Crop Protection</th>
<th>Harvest Preparation</th>
<th>Wildlife/Biodiversity</th>
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### Why?

**To Achieve Industry Goals**

### Best Management Practices

<table>
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<th>Environmental Practices</th>
<th>Goal</th>
<th>Social Practices</th>
<th>Description</th>
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<tr>
<td>Soil Health</td>
<td>Reduce Land Use by 13%</td>
<td>Worker Relations</td>
<td>Provide a safe work place for all employees, assure fair treatment and compensation.</td>
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<tr>
<td>Nutrient Management</td>
<td>Increase Irrigation Efficiency by 18%</td>
<td>Farm Management</td>
<td>Maintain household and farmstead operations which assure safety for family, workers, farm farm animals and the environment.</td>
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### Why?

**To Achieve Industry Goals**
Why? To Regain Market Share
"It's the Wild West out there right now," says Paul Magel, president of the business applications and technology outsourcing division at CGS, a software company that works with retail clients.

- The needs of customers will vary
- Many brands/retailers accept U.S. cotton as sustainable or responsibly produced
- However, not all have done so. They point to the lack of a standard or independent verification
- We must be flexible in the ability to pass data to the textile supply chain
Why? To Be the Supplier of Choice

- The Protocol is NOT about
  - One grower or one bale being more sustainable than another, or
  - Guaranteeing a premium
- The Protocol IS about U.S. cotton
  - Competing in every market and every supply chain
- The United States cannot afford to lose market access because of a perceived lack of sustainability
We Know the Effects of Loss of Market Access

U.S. cotton understands the importance of market access.

All cotton producers feel the impacts of barriers to entering a market.
U.S. Cotton is Poised to Compete

With 14 million acres and increasing yields, there is excellent potential for 20-25 million bales of production.

But, we must have the demand base!
Compete in Every Market & Every Supply Chain

• To be the Supplier of Choice, We Must Meet the Customer’s Needs for
  • Quality
  • Cleanliness
  • Timeliness
  • Sustainability

• The Protocol allows U.S. cotton to tell an even stronger story to our customers.