

ISEAL Community Member System Overview

Organisation Name	Textile Exchange
Year	2022
Version	v0.1
1) The STRATEGIES our system employs to meet its sustainability objectives	
<p>Textile Exchange uses multiple strategies to achieve its sustainability objectives. We develop, manage, and promote a suite of leading industry standards, as well as collect and publish critical industry data and insights that enable brands and retailers to measure, manage, and track their use of preferred fibers and materials.</p> <p>Our Climate+ strategy is a consolidated approach to help the fashion and textile industry achieve a 45% reduction in the greenhouse gas (GHG) emissions that come from producing fibers and raw materials by 2030. Climate+ goes beyond accounting for GHG emissions by developing industry collaboration among interdependent impact areas like soil health, water, and biodiversity.</p>	

Our programs to achieve the [Climate+](#) strategy include third-party certification, benchmarking and data reporting programs to motivate use of best practices by industry supply chain partners including raw material producers and supply chain fiber processors as well as brands and retailers. Our independent third-party certification program of more than 50,000 supply chain farms and processing sites is supported by close to 30 certification bodies and 6 accreditation bodies to ensure the integrity of our eight standards.

To drive operational efficiencies and achieve greater technical alignment, our standards are being brought together under a single unified standard system¹ planned for publication by December 2023. We are innovating through our TrackIt™ database initiative by building a shared management system for certification and other program data that will offer transparency and supply chain visibility to partner and industry efforts. This will enable us to identify areas for collaboration and monitor movement towards the Climate+ strategy goal.

Strong partnerships are essential to accelerating the adoption of preferred fibers and materials and to closing the innovation gap to enable a reformed approach to growth. Our certification program currently faces fraud risks in key regions such as China, Turkey, and India where preferred fibers like organic cotton are produced to meet high global demand for preferred materials. We have developed a strategy to address this risk and meet market demand by developing a data-driven assurance program with risk management at its core in order to inform our standards system activities, from standard design to assurance implementation and impacts monitoring.

2) A description of the **STANDARD** that our system has developed

Textile Exchange's eight standards were developed or adopted over a period of several years to fill verification needs within the textile industry across different fibers and materials. These range from tracking organic content in cotton to verifying responsible practices on sheep and other grazing animal farms to setting requirements for recycled inputs and claims.

Many participants in our standard system are now becoming certified to multiple standards thus augmenting the uptake and recognition of our standards.

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

As our suite of standards has grown, we have identified opportunities to develop and/or strengthen core best practices that directly support our organizational Climate+ goal that looks at interrelated outcomes in soil health, biodiversity, and water resources as a means to reduce greenhouse gas emissions in the textile industry. This process includes a unification of our standards under an aligned system that will also harmonize animal welfare, human rights and environmental requirements, where relevant, to align content and rigor according to international norms and sustainability imperatives.

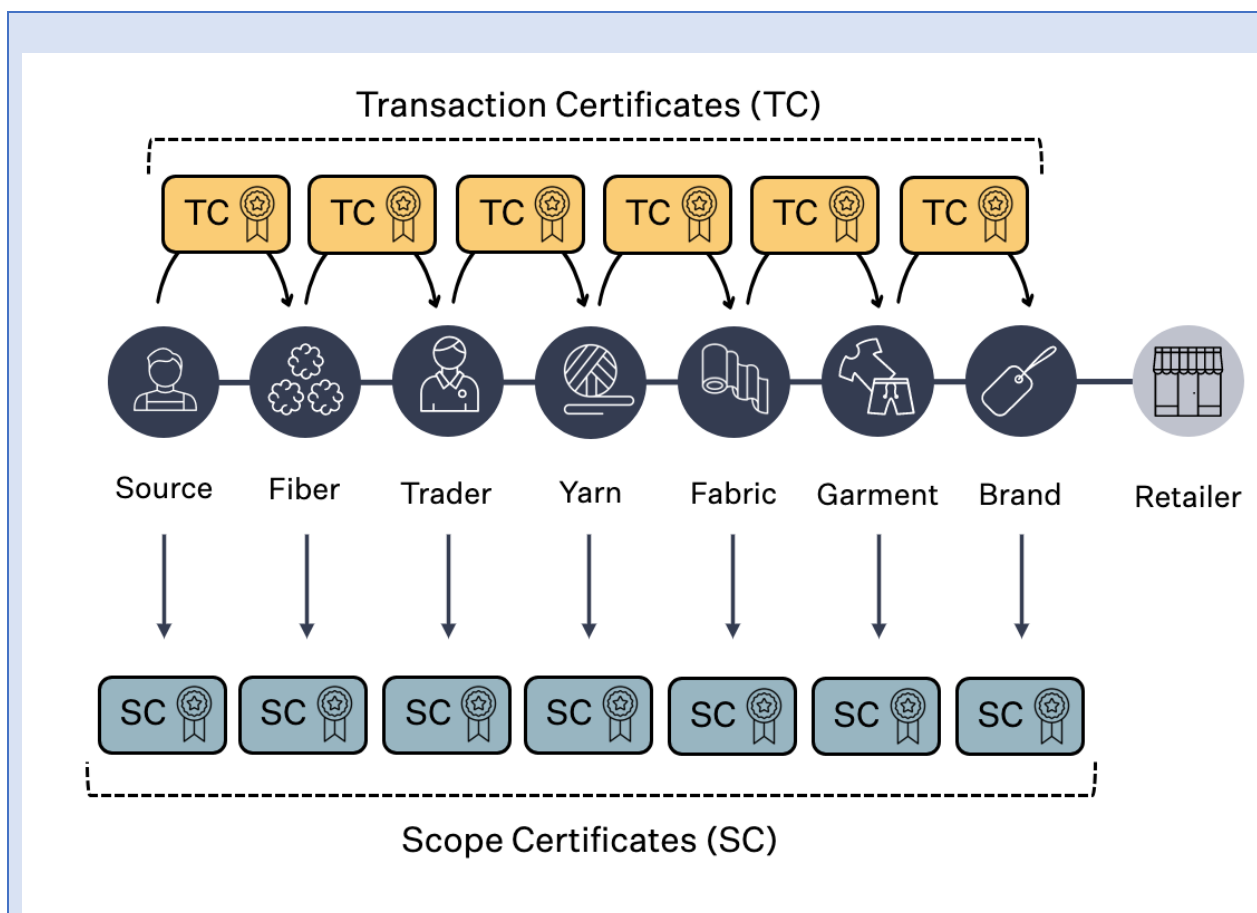
Evaluation of the aforementioned core impact areas is an opportunity to incorporate an outcome-based approach into a hybrid standard that balances traditional practice-based criteria with areas identified for taking baseline measurements and monitoring progress over time. Monitoring & evaluation (M&E) will be used to analyze data and information collected in the field as a means to feed learnings back into the system for continuous improvement across participants.

Our Content Claim Standard (CCS) provides the chain of custody requirements that support our other seven technical standards. The CCS has recently been revised to enhance the level of rigor required of certification bodies in assessing textile and preferred material processing and handling risks using a risk-based approach.

We are developing a stronger data governance program to support key stakeholders such as certified companies and certification bodies in providing high-quality, trusted data to enable supply chain transparency and operational efficiency. This initiative will support our program strategy and informed decisions by ensuring our unified standard system is designed with our stakeholders and their inputs in mind. Our data-driven initiatives combined with a diverse International Working Group for the revision of the standard will ensure the relevance of our standard system in the future.

3) How we maintain **RESPONSIBILITY** for decisions taken about and by our system

Textile Exchange's third-party certification and accreditation system was designed with the principles of independence, consistency, rigor, and accessibility. Certification bodies and certified companies are assessed on an annual basis for conformance with assurance system requirements which monitor certified farms (where applicable) and certified supply chain companies from raw material to the final product. Digital verification is required for certification bodies to issue scope certificates (according to standard scope) and transaction certificates (based on certified volume traded by standard scope).



Uptake of our standards points to increased operational risks in some regions and sectors, requiring adaptation of our strategies to build the next generation (unified) standard and assurance system. Strategies to support innovative maturation of our programs and support responsibility in decision-making among standards system functions include:

1. **Building cross-department workflows to ensure unified standard design contemplates assurance effectiveness** through key pillars such as integrated scheme management, risk management, data governance, training, and claims & labeling. An indicator of seamless internal coordination will be improved usability of our document and communications systems for our network of stakeholders via searchable and filterable references to our extended suite of policies, tools, and procedures.
2. **Documenting shared roles and responsibilities among the standards, assurance, and data & technology teams** across program management activities so that stakeholders can experience seamless guidance, procedures, and policies to support our mission and goals.

3. **Developing training and stakeholder learning tools through more accessible and usable standards information** that ensures auditors and certification bodies are equipped with the knowledge and ongoing calibration to support standards integrity (e.g. searchable reference tools for standards implementation and monitoring).
4. **Revision of our standards assurance model** to strengthen relationships through stakeholder contracts and data requirements, a CB Code of Conduct, centralized claims management, and a strategic review of our CB and AB operating model.
5. **Development of a comprehensive scheme owner oversight program to complement third party accreditation** and ensure that Textile Exchange can proactively detect and treat assurance and standards risks, including performance risks, using a data-driven **approach**.
6. **Ensuring that new Textile Exchange programs are developed with the foundations of integrity and credibility based on sustainability systems best practices.** This includes ensuring that a centralized M&E system is developed for the organization to guide impacts monitoring across all standards and programs.

4) How our system's design demonstrates a **COMMITMENT TO IMPROVEMENT**

Textile Exchange currently has eight standards and other programs such as the Corporate Fiber and Materials Benchmarking Program and the Impacts Incentives program. Impacts monitoring for these programs is now housed under a single M&E system and an updated Theory of Change review will focus on identifying the causal pathways to achieve the intended outcomes and impacts of our Climate+ strategy.

We have a vision for how a consolidated M&E program will contribute to our understanding of the effectiveness of our strategies. Our TrackIt™ database platform (currently in its pilot implementation phase) will demonstrate our leadership in supply chain transparency for the Textile Industry. It is designed to be the data engine supporting the M&E indicators we define for the standard system and other programs that support the standard's objectives.

The scope of the M&E system will first be impacts monitoring for the unified standard. It will use the first version of the new, aligned standard system as a means to collect baseline data to monitor progress. During implementation of the first version of the unified standard, we will use an M&E approach to learn and will adapt outcome-based criteria for future versions of the standard. The M&E system manager (new position within the standards team) we will develop the standards M&E system using the ISEAL Impacts Code as a basis. Other programs will use the standards M&E system as a model to complement and build program-specific M&E mechanisms. Our intent is to ensure that an organization-wide M&E system can be developed to monitor impacts and interactions across Textile Exchange programs.

While we do not have a consolidated M&E system today, we have focused resources intensively on defining key assurance indicators and data collection protocols to ensure that data fuels impact monitoring activities. Our data and technology team governs both the development of our shared management system (certification program data platform) and our emerging data governance program. The Data and Technology team is responsible for the technical development of our TrackIt™ program, ensuring that the platform's data model, functionality, and logic align with our suite of assurance policies and procedures. The Data and Technology team is working alongside the unified standard planning team to ensure seamless connections between future standard criteria and impacts monitoring.

Given our dependency on our network of CBs to ensure high quality and trusted data flows to TrackIt™, our Data and Technology and assurance teams are developing a data program for certification bodies to ensure they are familiar with data requirements and have necessary support to provide timely monthly data submissions while understanding their data-related roles and responsibilities.

Textile Exchange uses several mechanisms to ensure that the learning we derive from our certification program is integrated and serves to improve the content of our standards and assurance performance:

- PowerBI dashboards capture standards and assurance key insights to support program development;
- Stakeholder input via e-mail and standards policy consultations are captured in a monthly calibrations log that is then used to update respective standards, policies, and procedures;
- When exceptions are made to assurance requirements, we log each exemption in an Exemptions Log which is used to develop future versions of standards and policies;
- We use internal document review logs systematically to capture learning and opportunities for improvement to our standards and policies when they are due for review;
- Salesforce is being developed as the central assurance database of *certification body and accreditation body performance and monitoring data*. Salesforce and Trackit will be the central repositories for data that inform our risk management and system oversight and monitoring programs;
- Our Learning Management System will capture skill, performance, and competence information about auditors, certification bodies, and accreditation bodies so that we can improve our standards and assurance policies and procedures.

5) How our standard or tool is monitored and reviewed to ensure its **RELEVANCE**

The Textile Exchange [ASR-102 Standard Setting Procedures](#) define how Textile Exchange develops and revises its standard(s). The objectives of the Procedures are:

- To ensure the standard development process is inclusive and transparent to affected stakeholders;
- To provide a robust review process that ensures the standards effectively meet their respective goals; and
- To ensure that the development and revision of Textile Exchange standards complies with international best practices for standard setting (e.g. ISEAL Code of Good Practice for Setting Social and Environmental Standards).

These procedures support the assurance system (e.g. certification, auditing) as well as monitoring and evaluation of the standard scheme since both ensure the effective implementation of the standard. All procedures can be found at <http://textileexchange.org/Standards>.

All Textile Exchange standards are developed in lockstep with industry stakeholders, guided by an [International Working Group](#), that help to ensure our standards are relevant and meet industry needs. The IWG is the group of stakeholders actively engaged in the development or revision of a standard. All IWG members are required to sign a charter indicating their commitment to the goals of the standard and the time needed to be engaged in the process. The charter includes a statement of purpose for the standard, objectives, roles, and responsibilities of the IWG, and agreement to comply with Chatham House Rule and anti-trust guidelines.

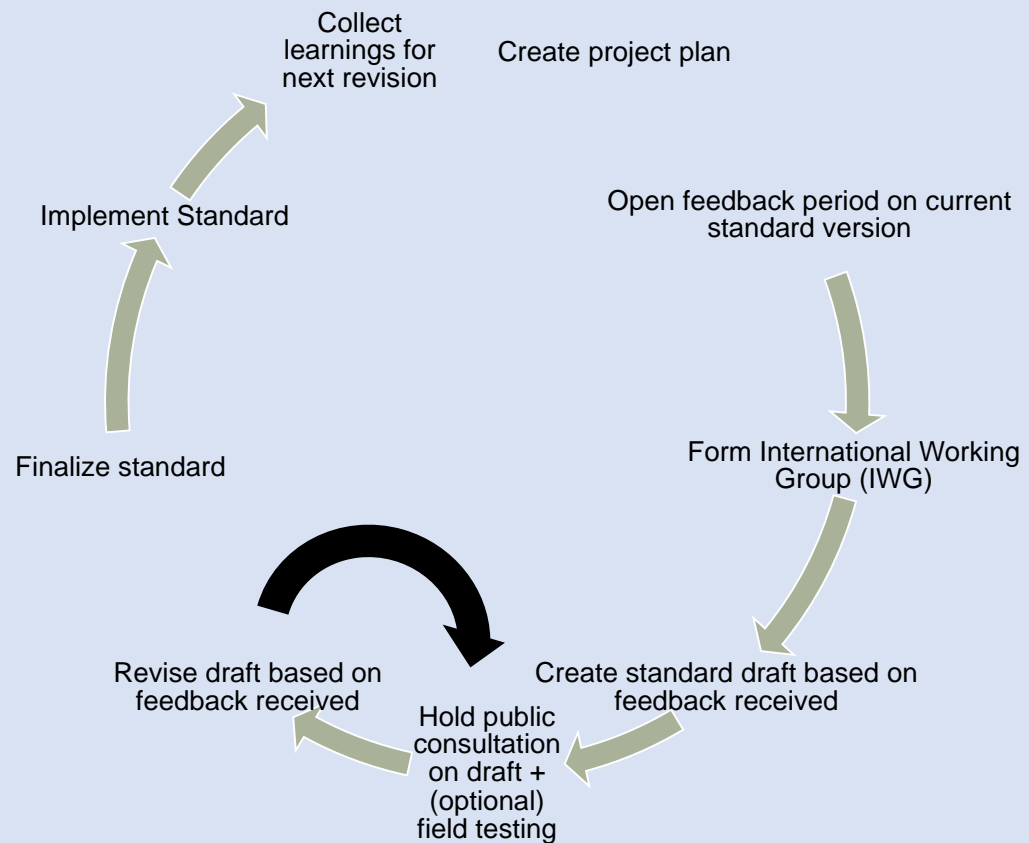
The revised standards is made available for input from the public, prior to being released. Aside from public consultations to standards drafts, we allow stakeholders to have a meaningful voice in our system by enabling regular inputs to core assurance system policies and procedures and providing certification bodies and accreditation bodies opportunities to request clarifying information and ask questions in our online Hub community.

Lastly, we require that any claims made about our standards conform to the requirements laid out in our [Standards Claims Policy](#).

All of Textile Exchange standards are globally applicable

6) How the standard or tool is **IMPLEMENTED**

The following visual shows the standard life cycle, from the creation to the project plan all the way to the implementation of the standard, ending with the collection of learnings to be considered for the next revision.



The standard release is announced via various Textile Exchange communication channels (Hub, LinkedIn, newsletters, website updates, etc.) as well as a launch webinar. Supplemental documents supporting the implementation of the standard are rolled out with the standard itself, or shortly thereafter.

Auditor training is used to support the implementation of the standard. Inquiries from various stakeholders are answered in the order of receipt— where inquiry volume is high, dedicated one-pagers or FAQs might be made available to serve a broad audience quickly.

Feedback on the standards is tracked in between revisions and used as input for the next revision cycle.