

Organic Exchange: Creating a Healthier Future with Organic Cotton

Organic Exchange is a nonprofit organization committed to supporting and expanding organic fiber agriculture worldwide – particularly cotton. We bring together farmers, manufacturers, brands, and industries in our mission to grow the organic cotton market.

This short guide will explain how your cotton purchasing decisions can make a big difference in the world.

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Together we make a world of difference.

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Health Care and Environmental Stewardship - Taking the Lead



Innovators in the healthcare industry are leading a powerful movement towards sustainability by changing the way the industry understands the environmental and community health consequences of its operations. These changes are evident in the advent of green building, the reduction of toxic chemicals and heavy metals, improved recycling programs, and the adoption of organic foods by hospitals. New technologies and best practices are enabling this shift, but at the root is an understanding that health care

operations can inadvertently create negative impacts far removed from the immediate hospital setting. Through Environmentally Preferable Purchasing (EPP) programs, health care innovators are making a commitment to understand and address these impacts.

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Organic Cotton and Environmentally Preferable Purchasing (EPP)

Health Care Without Harm describes EPP as "the act of purchasing products/services whose environmental impacts have been considered and found to be less damaging to the environment and human health when compared to competing products/services."



EPP is an "ongoing process in which a hospital continually refines and expands the scope of its efforts to select environmentally sound, healthy and safe products and services...

EPP may be as simple as buying recycled paper, or as complex as considering the environmental impact of a product at each stage of its life, from when it is manufactured to when it is disposed of." Conventional cotton products are good candidates for EPP, because of their myriad negative environmental impacts, and because there are currently many viable, environmentally friendly options.

The Side Effects of Conventional Cotton

The health care industry is a leading consumer of cotton fiber in the United States. From the scrubs worn by nurses and doctors, to the bedding and gowns used by patients – cotton is an essential component in health care. Cotton is the most popular natural fiber; it feels soft against the skin, it breathes well, and it comes in an extensive variety of weights, colors, and textures, making it one of the most comfortable fabrics available. Not surprisingly, cotton accounts for nearly half of the fiber used worldwide for apparel.



However, this universal fiber has severe side effects. Despite comprising only 2.4% of the world's agricultural land, conventional cotton uses a disproportionate share of world's toxic insecticides, which some estimate at 16%.² Conventional cotton is one of the most chemical intensive crops on the planet, and receives a staggering 55 million pounds of pesticides each year in the U.S. alone.³ This dependency on synthetic inputs such as insecticides, herbicides, defoliants, and fertilizers, comes with a hefty price—harmful environmental and human health impacts for the communities that produce this popular fiber and their neighbors downstream. In fact, these negative impacts reach farther than just the farming communities; cotton products and cotton chemicals are found in many unexpected places.

Hey, There's Cotton in My Food!

Beef, milk, cheese, and potato chips are not items that people normally associate with cotton. But consider that by weight, only 40% of the cotton boll is fiber. The remaining 60% is cottonseed which, made into cottonseed oil, is a universal ingredient in many of our favorite foods. Cottonseed oil is



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found in snack foods like cookies, potato chips, and popcorn, in addition to other common foods like salad dressings. With conventional cottonseed oil, trace amounts of toxic chemicals pass into the food chain.⁴

Another common use for cottonseed is as food for livestock. When conventionally grown, this high-protein, nutrient-rich animal feed can contain varying levels of pesticides, which can eventually make their way to our breakfast and dinner tables.⁵

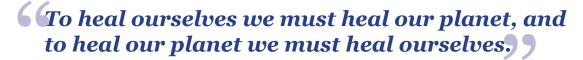
Organic Cotton: The Right Prescription

As institutions increasingly consider the deeper impacts of their business decisions on human health and the environment, the Earth starts to look a lot like a coding patient. The prescription for the earth, a patient suffering from pollution and irresponsible use of the land, is to make purchasing choices that reduce these damaging effects. The benefits of organic farming are widespread, and it's clear that choosing organic products is an important part of the solution.



Organic farming:

- Creates a healthy and environmentally safe rural economy and landscape.
- Offers the economic resources for infrastructure development and maintenance schools, health centers, and safe water which enhance human development.
- Greatly enhances food security without the risks associated with genetically modified organisms (GMO), and increases food safety through the elimination of pesticide residues.
- Eliminates the significant chemical impact on our land, our air, and our waters from conventional fertilizers and pest control methods.
- Provides stewardship for farmed land and the surrounding environment building a healthy ecosystem and increased biodiversity.



-Bobby McLeod

When Health Care Leads, Everyone Follows



When hospitals started buying local and organic foods, the rest of the country took notice. The health care industry has a similar opportunity with organic fibers. Beyond sheer purchasing volume, health care innovators have the power to create broad change in the marketplace simply by endorsement.

The health care industry is engaged in a powerful transformation period, and as leading institutions implement green planning and building principles, many are looking on with interest. Hospital decisions are examined closely and

replicated in other industries, making the health care industry more influential than most.

Transitioning to organic cotton will not only spur action on a broad level, but will dovetail perfectly with the mission of health care. Public commitment to organic cotton will position the health care industry as an invested leader in environmental and public health.

The Institutional Benefits of Buying Organic

The feeling of well-being associated with organic products is contagious. The story of organic cotton is compelling and represents an important differentiator in a crowded marketplace. There are many health care providers, but who is making the healthiest decisions for the environment?

Organic Cotton Protects Public Health

When you buy organic cotton, you support regions where growers and their communities are not exposed to cancer-causing chemicals, neurotoxins, and other substances whose long-term



effects are still not fully known. You also support the safety and health of a growing global work force in the entire cotton supply chain, and ensure that consumers are safe from chemical contamination in food containing cotton products.

Strengthens Workplace Well-Being

Offering organic products like cotton can strengthen the workplace community. Organic cotton is perceived by many consumers as a higher quality, softer product. It will let your staff and patients know that you value them. In addition, many businesses experience a surge in workplace pride and improved customer experience once employees learn of their organization's responsible purchasing policies.

Enhances Your Hospital's Image in the Community

Socially and environmentally responsible business practices are requirements in today's business world. Your choice to use organic cotton publicly reflects your commitment to a healthier planet. Organic is the right product in a setting where, in more than any other, consumers expect attention to health and environmental issues.

Consumers are looking for certified organics at every turn, and they'll soon expect organic cotton from their health care providers.

Meets Growing Consumer Demand

The organic label is recognized the world over and has already earned the confidence of consumers. Consumers are looking for certified organics at every turn, and they'll soon expect organic cotton from their health care providers. In maternity care, moms-to-be frequently consider the birthing and post-birthing environments as they choose their OBGYN and hospital. Providing beautiful and responsible products assures moms that their health care providers care about the world their children are entering. Incorporating certified organic products in these and other places will drive business and send a clear message to your patients: We care.

Soil Seeds Cultivation

Conventional cotton production relies heavily on petroleum based fertilizers.

Synthetic fertilizers compensate for nutrient-depleted soil, often caused by a mono crop culture and extensive chemical application.



Cotton seeds are saturated with pesticides.



Life begins with chemical treatments and genetic modification, resulting in what are called BioTech seeds (Bt). Bt seeds now represent 83% of U.S. cotton. Very little research has been undertaken on the long term implications of Bt seeds and their effects on the land and on genetic diversity.

Conventional cotton production requires intensive inputs.



In order to maximize yields, conventional cotton production operates on a philosophy of intensive inputs, including water, fertilizers, and synthetic chemicals.

Everything starts with the land.



Organic farmers nurture the land and work with nature, to grow their crop. They encourage biodiversity to create healthy soil, using crop rotation and compost to replenish vital nutrients.

Natural seeds only.

Organic farmers use only untreated seeds. Genetically modified organisms (GMOs) are strictly prohibited.



Healthy soil and natural fertilizers promote growth.

Crop rotation, green manure crops, and compost increase the organic matter in the soil. Aside from helping the crop, these practices increase carbon sequestration and improve water utilization, making a typically "thirsty crop" more efficient to grow.

Weed & Insect Management

Toxic pesticides are used several times per growing season.

Pesticides are often applied by hand, resulting in direct worker exposure. In many cases, whole communities are at risk because of pesticide drift and ground water contamination.

The top 5 pesticides used in the U.S. are known or suspected:

- Groundwater contaminants
- Cholinesterase Inhibitors (Neurotoxins)
- Endocrine Disruptors
- Carcinogens



Organic farmers encourage a healthy ecosystem with a balance of pests and their natural predators.



Insectory strips, or trap crops, are planted nearby to both lure pest insects away from the cotton, and to provide habitat for beneficial insects (natural predators of cotton pests).

Harvest



Farmers use toxic defoliants to make the harvest more efficient.

Sustainability

Synthetic inputs trap farmers on a treadmill.



In the end, this chemical cycle uses far more inputs, synthetic and otherwise, than is sustainable.

Organic farmers work with mother nature during the growing season and into the harvest.

In many areas organic cotton is handpicked. Where it is mechanically harvested, organic famers wait on the seasonal freeze or use intelligent water management to make the harvest more efficient.



Fair prices create a higher quality of life.



Farmers receive a fair price for their product, helping them gain financial stability. Freed

from the pesticide treadmill, farmers are no longer forced into debt to pay for expensive fertilizers and pesticides. In many places, the organic system helps farmers afford basic things like health care and education for their families, and even a few extras, like bicycles.

A Small Increase in Price is a Smart Investment in the Future

The price of conventional cotton fails to incorporate many hidden costs – harm to human health, damage to the environment, and a reliance on non-renewable resources. The justification for the increased cost of organic products is clear: to be truly sustainable, each member of the supply chain must receive a fair price that accurately represents all inputs and impacts. Organic agriculture takes into account all the costs of doing business, including environmental and social considerations, and the price of organic products reflects this. Paying farmers for their costs, risks, and efforts on behalf of our environment is simply good business.

Aside from fair pricing, organic also makes sense as a business. investment. By investing in better production practices that keep the earth and its communities as healthy as possible, organic agriculture eliminates the future expenses of environmental cleanup, and the costly response to crises like climate change. The incorporation of organic and other environmentally friendly products will position companies well to deal with future environmental concerns. Companies that invest in organic today will strengthen their position in the global market of tomorrow.



Supporting organic growers like the Alvarez family is not only good for the environment, it also helps position your business to compete in the future.

Companies that invest in organic today will strengthen their position in the global market of tomorrow.

You Can Switch and We Can Help

Organic Exchange is a nonprofit organization committed to expanding organic fiber agriculture, with a specific focus on cotton. We bring together brands, retailers, and industries with their business partners, farmers, and key stakeholders to learn about the social and environmental benefits of organic agriculture and develop new business models and tools that support greater use of organic fibers.

We can help you:

- Make the business case for implementing an organic fiber program as part of a larger strategy that aligns business and environmental decisions.
- Educate your stakeholders about certified organic fibers so your consumers can reap the benefits of your product's beauty, comfort, and strength, while minimizing harm to people and the planet.
- Collect metrics or Key Performance Indicators (KPI) to measure the impact of your program and to use in corporate scorecards and public reports.
- Work with your sourcing groups, executive management, marketing teams, supply chain partners, or new vendors to implement a successful organic cotton program.
- Keep you up to date on issues that affect the organic fiber market, as the global organic fiber segment continues to evolve.
- Take advantage of positive publicity and the promotion potential of a strong organic and sustainable product program.







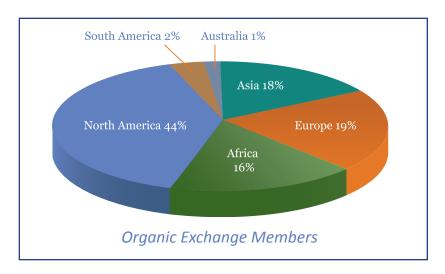
Organic Exchange has the experience and the expertise to get your organic cotton program started.

Experience and Expertise in a Growing Market

Organic Exchange is proud to work with the farmers, manufacturers, and brands that comprise the majority of the total organic cotton fiber produced and used in products around the world. Our members are located on all arable continents, with the bulk based in North America, Europe, Asia, and Africa.

While switching to a large percentage of organic fibers is the end goal, it doesn't have to happen all at once. Several of the world's largest companies are making the switch incrementally, incorporating organics at a higher rate each year. Portland, Oregon-based Nike has been working with Organic Exchange since OE's inception and started their program by blending just 3% organic cotton in 4 styles, using a quarter of the world's supply of organic cotton at the time. Eleven years later, Nike is using 5% organic cotton in 80% of its cotton products – comprising 11.6 million pounds per year and growing.

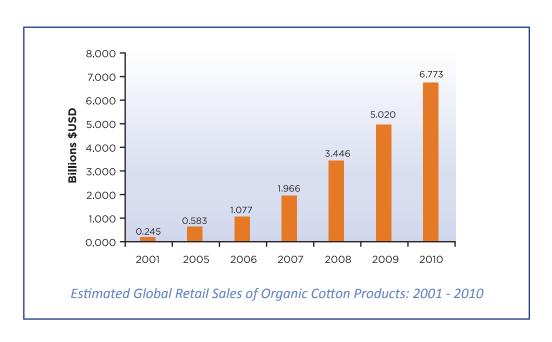
By working with member companies, organizations, and cotton farmers worldwide, we were able to grow the organic cotton supply to accommodate increased demand. Global retail sales of organic cotton apparel, home, and personal care products increased 85 percent to almost \$1.1 billion in 2006, up from \$583 million in 2005. OE projects the market will increase 83 percent to nearly \$2 billion in 2007.



Organic Exchange has helped hundreds of companies with their organic cotton programs. Our member and client list includes companies of all types and all sizes, located all around the world.

Partial Member List: Anvil Knitwear, Article 1, Aveda, Clif Bar, Edun Apparel, Eileen Fisher, Inc., H&M, Levi Strauss & Co., Loomstate, Macy's, Inc., Marks & Spencer, Nike, Inc., Nordstrom, Otto Group, Patagonia, Paul Reinhart, Inc., Reebok, Target, The ComMark Trust, The Timberland Company, Wal-Mart Stores, Inc., and Woolworths South Africa.

For a more complete list of OE members, please see the 2007 Organic Exchange Annual Report online at: www.organicexchange.org



Get Started with Organic Cotton: 4 Key Steps

1. Include Organic Cotton in Your Environmentally Preferable Purchasing Program

- Recognize the negative health and environmental impacts of conventional cotton.
- Adopt an Environmentally Preferable Purchasing policy regarding organic cotton.
- Clearly communicate how your EPP policy aligns with the overall institutional vision.
- Engage your internal stakeholders and external vendors with information and education.

2. Evaluate Your Cotton Footprint

- Calculate how much cotton you use and in which product categories.
- Prioritize your product categories for conversion to organic.
- Let your GPO know you'd like to purchase organic cotton.
- Encourage your existing vendors to add organic cotton to their product lines.
- Consider working with new vendors who already offer organic cotton products.

3. Measure the Impact of Your Efforts with Performance Indicators

- Develop key performance indicators (KPIs) that align with your institution's corporate social responsibility (CSR) goals.
- Engage your stakeholders in mapping KPIs for your chosen conversion products.
- Establish short-and long-term goals for the organic cotton EPP program.

4. Tell the Story!

- Collect information about the journey, the strategy, the goals, and the KPIs to communicate the powerful organic story.
- Communicate the organic cotton story in a variety of formats and venues internally and externally. Use your website, billboards, annual reports, and any other media to spread the word.
- Most importantly, tell your patients they will be glad to know your institution makes considered product purchasing decisions and that you've invested in crucial environmental and social protection.

Our Invitation to You

We invite your organization to join the growing organic cotton movement by becoming members or clients of Organic Exchange. And if you're not yet ready to become a member, ask about our consulting services. Whatever your interest level, we can connect you with the resources you need to make a difference. For more information about our organization, member benefits, and consulting projects, please contact: Cindy Tsai, Health Care Program Manager: Cindy@organicexchange.org · (510) 849-0800

For a direct link to up to the minute, relevant information about organic cotton and the health care industry, please visit: www.healthycotton.org

For other information about Organic Exchange and OE members, please visit: www.organicexchange.org

Helpful Links

- · Global Organic Textile Standard, www.global-standard.org
- Nike Inc., www.nikeresponsibility.com
- Organic Trade Association, www.ota.com
- Patagonia, www.patagonia.com (point to OC section)
- USDA National Organic Program, www.ams.usda.gov/NOP

References

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- ² EJF, 2007, The Deadly Chemicals in Cotton, Environmental Justice Foundation in collaboration with Pesticide Action Network UK, London, page 8.
- ³ United States Department of Agriculture, National Agricultural Statistics Service, www.nass.usda.gov
- ⁴ The Organic Center. Pesticides in Milk, www.organic-center.org/reportfiles/milk_pesticides_faqs.pdf
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What's In Your Cotton?





Organic Exchange:

Building transparency in the organic cotton supply chain, from farm to product.

