SUPPLY CHAIN SPOTLIGHT

BC Better Cotton Initiative

We are working with pairs of Ginners and Spinners to highlight the efforts of those who are making Better Cotton a reality. They are proof of a system that works which is gaining momentum. Here they tell us in their own words why others should join the movement and continue to procure more and more Better Cotton.

Be part of something Better.

<u>Click here</u> to find out more and become a member today.

OUR BCI GINNER AND SPINNER PAIR – CHINA



GINNER: Mr. Lv Hongdi. Manager at Yuyue Ginning Factory



SPINNER: Mr. Wang Tianjie. Cotton Purchasing Manager at Yuyue Home Textile Co., Ltd Yuyue established in 2014. With more than ten year's development, we have become a modern home textile enterprise with a fully integrated industrial chain; we cover research & design, fibre manufacturing, spinning and weaving, dyeing and finishing, finish product sewing, brand sales and import/export trading. Our key customers include IKEA, Wal-Mart and Macy's. Yuyue focuses on the environment and working standards - we have passed the OeKo-Standard200 and SA8000 certification. Yuyue is the vice-chair company of China Home Textile Association, and we are the fourth largest home textile company in China in terms of market share.

YUYLE 愉悦

Website: www.yytex.net

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WHY BETTER COTTON?

LH: BCI started work in Binzhou in 2013 and this is our home. We have seen what BCI is doing for the cotton farmers and environment here – BCI has changed the farmer's pre-conceptions of growing cotton and made a difference, economically, to the locals communities. We are very appreciative of what BCI brings to our local farmers. BCI's ideology supports Yuyue's sustainable development strategy. Also, one of our key customers, IKEA, supports BCI and are engaging their suppliers in the use of more sustainable cotton.

WT: We have long term relationship with IKEA – their business accounts for more than 30% of our annual turnover. IKEA is focused on sustainable development - especially cotton usage - their target is to use 100% more sustainable cotton from 2015. Meeting our customer's demand is our mission. Yuyue has been uing 100% Better Cotton for IKEA product since 2014. Also, importantly, the more local Better Cotton we purchase, the more we contribute to local cotton farmers and the local environment.

HOW DID YOU FIND YOUR SUPPLY CHAIN PARTNER?

Yuyue is a fully integrated textile company - we work in the whole value chain - from cotton ginning, spinning and weaving to dyeing, finishing and sewing. Managing this supply chain is our number one challenge. In the past few years, most of our Better Cotton was imported from India and Brazil. Due to adjustments in China's cotton policy in 2014, we had to shift our focus to Chinese Cotton. Luckily, the Better Cotton farming project is just over the gate of our home! We started to purchase the cotton locally last season. This year, all the Binzhou farmers joined BCI - it's now much easier for us to purchase Better Cotton locally.

DID YOU ENCOUNTER ANY CHALLENGES IN SUPPLYING OR PURCHASING BETTER COTTON?

LH: The biggest challenge in Binzhou is cotton quality. The Binzhou Better Cotton project is a small holder project - the 3,500Ha of cotton here is grown by more than 700 families, so the uniformity of the cotton fibre is not always satisfactory. Contamination is another issue. The local farmers still struggle to manage the contamination during the picking and storage process, sometimes plastic fibres and animal hair are mixed in with the seed cotton.

WT: As per the ginning factory's comments, cotton quality is a key issue for the local projects. This is only the first year for Better Cotton in the Binzhou project, and with BCI's support, we are confident that these issues are being worked on – particularly around contamination. BCI works on principles of continuous improvement and we are proud to be supporting local farmers to improve their farming practices over time.

WHY SHOULD OTHER SUPPLY CHAIN ACTORS BECOME BCI MEMBERS?

LH: We applied to be a BCI qualified ginner in October, 2014. It's very easy for us to manage our cotton supply chain - we can buy seed cotton (which can match our quality from the farmer directly) and produce the lint cotton by ourselves. It's also a good way to control the ginning quality because we know the quality requests of our own spinning mill from the outset. We can control the cotton cost easily as well - no more cost from extra processes such as out-sourcing the ginning (were the middle man also needs to make a profit).

WT: As an integrated spinner member of BCI, there are three key advantages:

- 1. Easy to match the key customer's enquiries.
- 2. BCI is a platform which gives more outreach opportunities for potential customers.
- 3. We are proud to support local farmers from our hometown. We help them to increase their income and improve their social and natural environments.

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www.bettercotton.org

WHAT DIFFERENCES, IF ANY, HAVE BEEN MADE TO YOUR CURRENT BUSINESS AFTER LEARNING ABOUT AND WORKING WITH THE BETTER COTTON STANDARD SYSTEM?

LH: In order to become a BCI qualified ginner, we attend the ginner training and improved our management level to insure the cotton quality. We signed seed cotton purchasing contracts with BCI farmers and have detailed records of weights and payments – we have never used contracts like this in the past. We are also giving support to BCI farmers such as cotton picking bags and hats to improve the contamination levels during picking.

WT: Yuyue is a responsible company - we care about workers income and working conditions. All the workers have proper PPE masks and earplugs to decrease the negative effect of noise and short lint. Yuyue worker's average salary much higher than local average level, you can see from our car parking area! The private car ownership rate is much higher than other companies in the region.

WHAT DO YOU THINK THE FUTURE LOOKS LIKE FOR BETTER COTTON?

LH: More and more farmers and ginners are becoming interested in BCI. It adapts to the sustainable development policy of the Chinese government and I'm sure will be a key trend in coming years. The challenge for BCI now is how to insure credibility when the project growing so rapidly all over the world.

WT: BCI brings a new platform to China's textile suppliers - especially for those who want to upgrade their industrial chain. Sustainability will be a key area of development for the uncompetitive companies. Along with more demand of Better Cotton, the farmer will have more enthusiasm to grow Better Cotton - this will become to a positive cycle. At the same time, the key challenge to BCI is how to drive the brands awareness to increase demand.

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