



2021 Annual Report

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A Message from the CEO

We can all agree that 2021 was a challenging year, amid the Covid-19 pandemic, and growing climate and biodiversity challenges. However, we remained steadfast in our commitment and purpose to promote more sustainable cotton production. Of the year's many highlights, I'm proud to share that the Better Cotton programme continued to grow and deliver impact where it mattered most, and as of 2021, we can say that Better Cotton is mainstream – representing more than 20% of global cotton production.

Building on this achievement, we're moving ahead with our ambitions to deepen our impact on the ground. We have continued to collaborate with our stakeholders to finalise and launch our new 2030 Strategy, focusing on ensuring absolute relevance for farmers, raising field performance, and introducing traceability. As part of our ambitious strategy, we launched the first of five impact targets: to reduce the GHG emissions of Better Cotton by 50% by 2030. This is supported by our new Climate Approach. We plan to release four further impact targets – focused on soil health, farmer livelihoods, gender equality and pesticide use – by 2023.

We continued to invest in improving our systems and our ways of working, namely with the launch of the revision of the Better Cotton Principles & Criteria. We're determined to help farmers and farm workers to thrive, and this starts with understanding their challenges. The revision will strengthen the Principles & Criteria to ensure they continue to meet farmer needs and best practice, are effective and locally

relevant, and align with our 2030 Strategy. They also serve to demonstrate how Better Cotton contributes to science-based targets and the climate goals of our members and the wider cotton supply chain.

We remained steadfast in our commitment and purpose to promote more sustainable cotton production.

Long-term, we are committed to Better Cotton becoming traceable, and throughout 2021 we worked closely with members representing retailers, brands, suppliers and manufacturers to understand how we can best help the industry deliver what is now becoming a business-critical requirement. Together, we will test viable, fit-for-purpose traceability solutions, forging a collective pathway to systemic change.

Results are vital to demonstrating progress, and I'm delighted that in the 2020-21 cotton season, Better Cotton worked with nearly 60 partners to deliver training to 2.9 million farmers in 26 countries. Of those, more than 2.2 million licensed farmers produced 4.7 million tonnes of Better Cotton - with the first harvests of Better Cotton taking place in Greece and Egypt. Our programme also reached an estimated one million additional individuals, including co-farmers, workers and sharecroppers, who also

benefitted from support and training. To better highlight farmers' performance in implementing more sustainable practices and to illustrate how the Better Cotton programme delivers impact, last year we published our first Impact Report.

The value that Better Cotton creates is reflected in our expanding membership. We now have more than 2,400 members, spanning 63 countries – all working towards a shared goal. In particular, our Retailer and Brand Members increased their sustainable sourcing efforts, and in 2021 they sourced 2.5 million tonnes of Better Cotton – accounting for 10% of global cotton production – indicating a real and growing market demand for more sustainable cotton.

You will have seen that we also launched our new brand identity in 2021, and we are excited to head into our next decade with a completely new look and known simply and boldly as Better Cotton.

I would like to thank all our members, partners, farmers, farm workers, donors and everyone involved in the Better Cotton network, as well as the whole Better Cotton team, for their continued passion and determination in a challenging year. I look forward to sharing our progress as we strive to fulfil our ambitions.

Alan McClay
Chief Executive Officer, Better Cotton

This year's Annual Report aligns with Swiss GAAP reporting requirements.



Vision

A world where all cotton production is sustainable.

Mission

To help cotton communities survive and thrive, while protecting and restoring the environment.

Strategic Aims

- Embed sustainable farming practices and policies.
- Enhance well-being and economic development for cotton farming communities.
- Encourage and drive global demand for sustainable cotton.

This Annual Report provides a reflection on the 2020-21 cotton season and 2021 calendar year, highlighting field, market and organisational successes, challenges and opportunities. The report also contains key financial and governance information, aligned with Swiss GAAP reporting requirements.



Better Cotton is ISEAL Code Compliant. That means our system, including our assurance programme, has been independently evaluated against ISEAL's Codes of Good Practice. For more information, see isealliance.org.

Year in Review: Farmer Centricity

Ensuring Farmers Are at the Heart of Everything We Do

Without farmers, there would be no Better Cotton. Farmers and farm workers are fundamental to Better Cotton's work, and in the more than ten years since Better Cotton began, our programme has reached millions of farmers, workers and farming communities around the world.

However, as we play our part in improving the sustainability of agriculture, we must continuously evaluate whether our approach is truly designed from the perspective of farmers. We must consider every aspect of our systems, services and tools to make sure they continue to be designed primarily for the benefit of farming communities. That's why, in 2021, we invested time and resources into better understanding what farmers need and want, whether Better Cotton is delivering on this, and how we can further improve our offering for farmers and their communities.

Firstly, we launched our 2030 Strategy. This will drive how we approach our strategic aims, including our ambition to enhance the wellbeing and economic development of cotton farmers. **Our capacity building will become more farmer-centric, better adapted to farmers' expressed needs and designed to equip them to continuously improve their farming practices.** Socially and economically, we will strive to improve the lives and livelihoods of cotton farmers, farm workers and their communities.

In 2021, we also conducted 'farmer-centricity' research among 100 farmers in Gujarat and Telangana, India, seeking to understand everything from farmers' daily

challenges and needs to their valued information sources, and best practice for learning and knowledge-sharing. **We wanted to get a better understanding of what a Better Cotton Farmer's life is really like – how confident they feel in addressing farming challenges, and how well Better Cotton enables them to do this.**

We will strive to improve the lives and livelihoods of cotton farmers, farm workers and their communities.

For example, we found that most of those surveyed are dependent on cotton farming as their primary source of income, spending an average of 52 hours farming every week. Cultivating crops is becoming harder and a third may farm less in the future. In particular, climate change, water scarcity, volatile prices and costly inputs are all common challenges. It is also clear that in-person capacity building is vital, particularly to reach female and marginalised farmers, and that demonstration plots and field visits are crucial for supporting farmers to implement new practices – these will continue to be priority areas for our on-the-ground teams.

Additionally, we surveyed nearly 200 Field Facilitators and Producer Unit Managers in three countries – Turkey,

Pakistan and Mozambique. We wanted to understand their experience of working with farmers, their motivation, how they spend their time, how they are supported by Programme Partners, and how this could be improved. We can see that our knowledgeable and motivated Field Facilitators are making a great difference on the ground, forging lasting and valuable connections to the farming communities where they work. However, they still come across some resistance to change from farmers, and they spend a relatively significant amount of time travelling and collecting data. Low salaries present challenges in some regions, and women Field Facilitators can experience additional challenges. These are all areas that we are tackling as we move forward.

All of this work will help to inform the ongoing revision of the Better Cotton Principles & Criteria and the finalisation of our remaining 2030 targets. Launched in October 2021, the revision of the Principles & Criteria will help to ensure that our Standard continues to reflect best practice, leverages the latest research, and supports our ambitions to drive field-level change at the scale we need to achieve our strategy.

We know we cannot tackle all of these challenges alone, and collaboration within the sector is vital to driving change. To help cotton farmers earn a decent living, for example, we are also engaging in the Living Income Community of Practice. **Through this alliance, we are collaborating with multiple organisations to learn more about the living income gap in cotton and**



Photo: Farm Worker Ruksana Kausar, Pakistan.
© Better Cotton/Khaula Jamil

develop our approach to monitoring and analysing this information, so that we can improve how we support farmers' livelihoods. This kind of cross-sectoral collaboration will feature increasingly in our work

Through our research and data collection, we see that Better Cotton training is working. We have already licensed over 2.2 million farmers including small, medium and large farms in more than 20 countries, and a fifth of global cotton is now grown and sold as Better Cotton. Building on our existing efforts to help farmers continuously improve their farming practices, we will ensure that our capacity building becomes ever more focused on and tailored to farmers' expressed needs. We will strive to offer the best support possible to farmers on their sustainability journeys, and improve the lives and livelihoods of everyone involved in farming Better Cotton - farmers, farm workers and their communities.

Field and Market Results



Photo: Hands pulling a cotton crop, India.
© Better Cotton/Vibhor Yadav

The field-level data presented in this section of the report is accurate as of the 2020-21 cotton season (July 2020 – August 2021).

The membership and Better Cotton sourcing data is accurate as of the end of the 2021 calendar year.

Field Results: 2020-21 Season

“2020-21 was a difficult season for producers due to the Covid-19 pandemic. To overcome some of the challenges caused by lockdowns and travel restrictions, we adopted a hybrid model for capacity building, utilising social media platforms to reach out to farmers and farming communities. We also developed extensive information, education and communication materials suitable for remote trainings, and worked closely with scientists and agronomic experts who supported in delivering trainings and consultations to farming groups.”

Vishnu Patel | Workflow Manager, AFPRO - Better Cotton Programme Partner, India.

The Better Cotton programme and our network of on-the-ground partners and field staff continues to grow, reaching more and more farmers and farming communities each year.

In the 2020-21 cotton season, we worked with close to 60 partner organisations to deliver training on more sustainable farming practices to over 2.9 million farmers in 26 countries. Through our programme, we reached an estimated one million additional individuals, including co-farmers, sharecroppers, and business partners, who also receive support and training delivered by Better Cotton's Programme Partners¹.

Of the 2.9 million (2,919,724) participating farmers, more than 2.2 million (2,249,506) in 24 countries² received a Better Cotton licence and produced 4.7 million (4,692,809) tonnes of Better Cotton.

This represents around 20% of global cotton production. However, this is a 25% decrease on 2019-20 season production volumes, due to a variety of factors, including weather variations, changes in the Better Cotton programme, market conditions and socio-political challenges.

Direct Better Cotton Standard Countries: 12

China, Egypt, India, Kazakhstan, Madagascar, Mali, Mozambique, Pakistan, South Africa, Tajikistan, Turkey, United States.

Benchmarked Standard Countries: 14

Australia, Brazil, Greece, Israel, CmiA (Benin, Burkina Faso, Cameroon, Chad³, Cote d'Ivoire, Ghana, Mozambique⁴, Nigeria, Tanzania, Uganda, Zambia).

¹ Implementing Partners are now referred to as Programme Partners.

² Excluding Madagascar and Chad, where there was a programme but no licensed farmers and therefore no Better Cotton produced.

³ The Chad programme did not fully meet the threshold in place for AbTF recognition, therefore farmers from Chad are counted only as participating but not licensed.

⁴ Mozambique is only counted once.



Better Cotton was grown in 24 countries.



The Better Cotton programme in India had the largest reach - with more than 1 million participating farmers.



Brazil, India and Pakistan produced the largest volumes of Better Cotton.



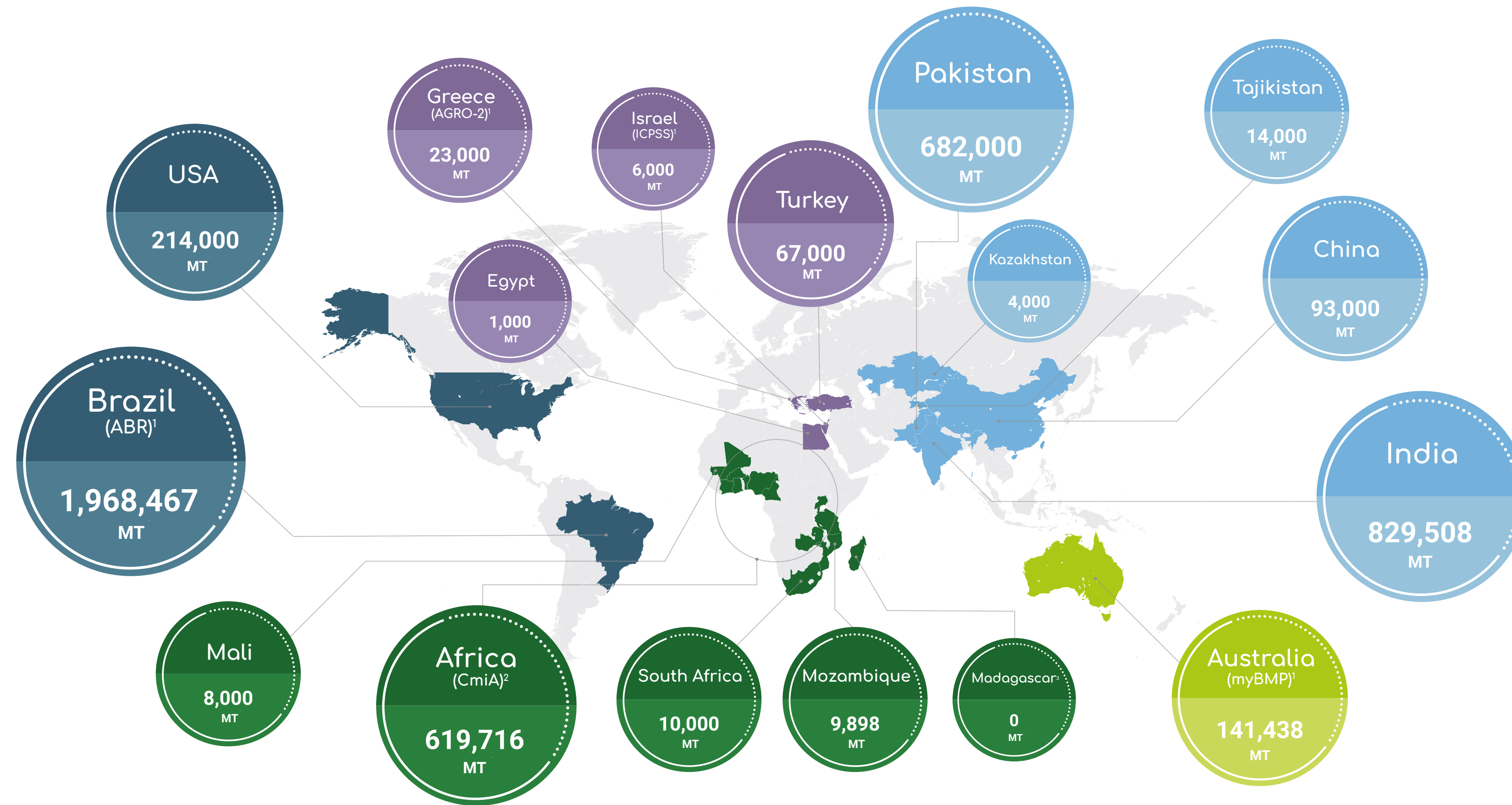
Photo: Farm Worker, Egypt
© Magued Makram/UNIDO Egypt

2020-21 Season Data

Volume of Better Cotton Grown (Metric Tonnes)

Total Better Cotton Produced

4.7 MILLION METRIC TONNES



¹ Better Cotton recognised equivalent standards.

² The CmiA countries in the 2020-21 season include: Benin, Burkina Faso, Cameroon, Chad, Cote d'Ivoire, Ghana, Mozambique (farmers in Mozambique which are both CmiA and Better Cotton licensed are only counted once.), Nigeria, Tanzania, Uganda, Zambia.

³ Madagascar's only Producer Unit did not earn a Better Cotton license in the 2019-20 & 2020-21 seasons, hence the figure for production is zero.

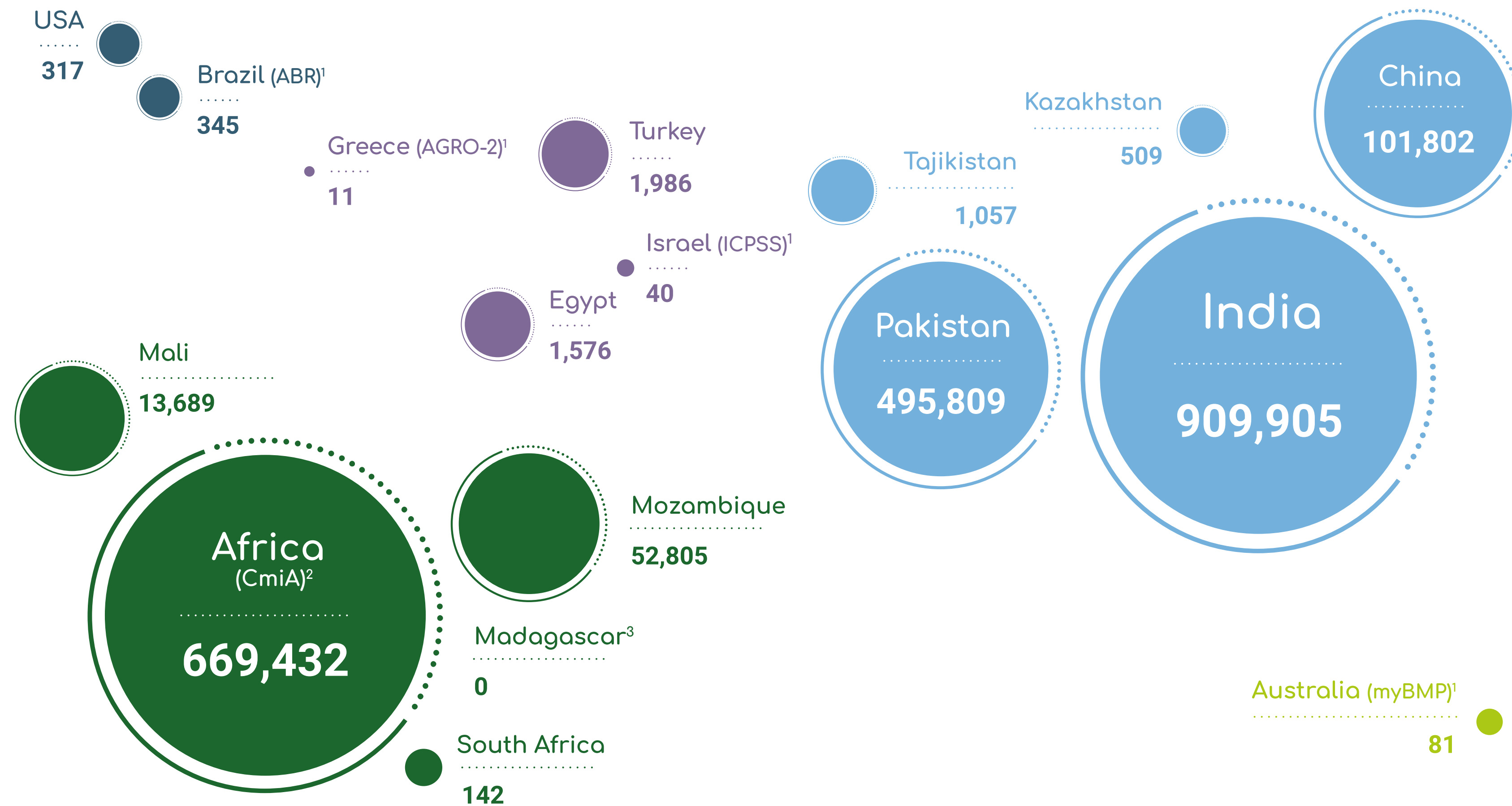
Please note that the Better Cotton production volume for Pakistan is an estimate – this is due to Covid-19-related verification challenges and some data quality issues. The figure has been estimated based on previous season production volumes and volumes sourced.

2020-21 Season Data

Better Cotton Licensed Farmers Around the World

Total Farmers
Licensed

2.2 MILLION



¹ Better Cotton recognised equivalent standards.

² The CmiA countries in the 2020-21 season include: Benin, Burkina Faso, Cameroon, Chad, Cote d'Ivoire, Mozambique (farmers in Mozambique which are both CmiA and Better Cotton licensed are only counted once.), Nigeria, Tanzania, Uganda, Zambia.

³ Madagascar's only Producer Unit did not earn a Better Cotton license in the 2019-20 & 2020-21 seasons, hence the figure for production is zero.

Better Cotton Programme: Highlights and Challenges

“The lockdowns and disruptions caused by the Covid-19 pandemic, as well as falling cotton prices and unpredictable weather patterns, had a knock-on impact on cotton production in Brazil in the 2020-21 season. Despite these challenges, the number of growers in the Responsible Brazilian Cotton (ABR) programme [benchmarked with the Better Cotton Standard and recognised as equivalent] remained stable, and Better Cotton represented 84% of all Brazilian cotton production. We also saw positive results in terms of fiber quality and in the evolution of the sustainable farming practices used by growers.”

Mr. Márcio Portocarrero | Executive Director, ABRAPA – Better Cotton Strategic Partner, Brazil.

Highlights

- Thanks to favourable growing conditions, in the 2020-21 cotton season, production of Better Cotton increased in Australia, Kazakhstan, Mozambique and Tajikistan.
- The first harvest of Better Cotton took place in Egypt, with 1,000 tonnes of Better Cotton grown by 1,500 licensed farmers. We forecast increased production for the 2021-22 season, as the programme expands. Egypt officially became a Better Cotton programme country in May 2020.
- In Greece, the first harvest of Better Cotton took place and 11 licensed farmers produced 23,000 tonnes of Better Cotton. As the programme enters its second season, we forecast growth in the number of participating farmers and volumes of Better Cotton grown. In October 2020, Better Cotton and ELGO-DOV became Strategic Partners and recognised the Greek AGRO-2 Integrated Management Standards as equivalent to the Better Cotton Standard System.
- The Israel Cotton Production and Marketing Board became a Strategic Partner following the successful benchmarking of the ICB's Israel Cotton Production Standard with the Better Cotton Standard System.

Challenges

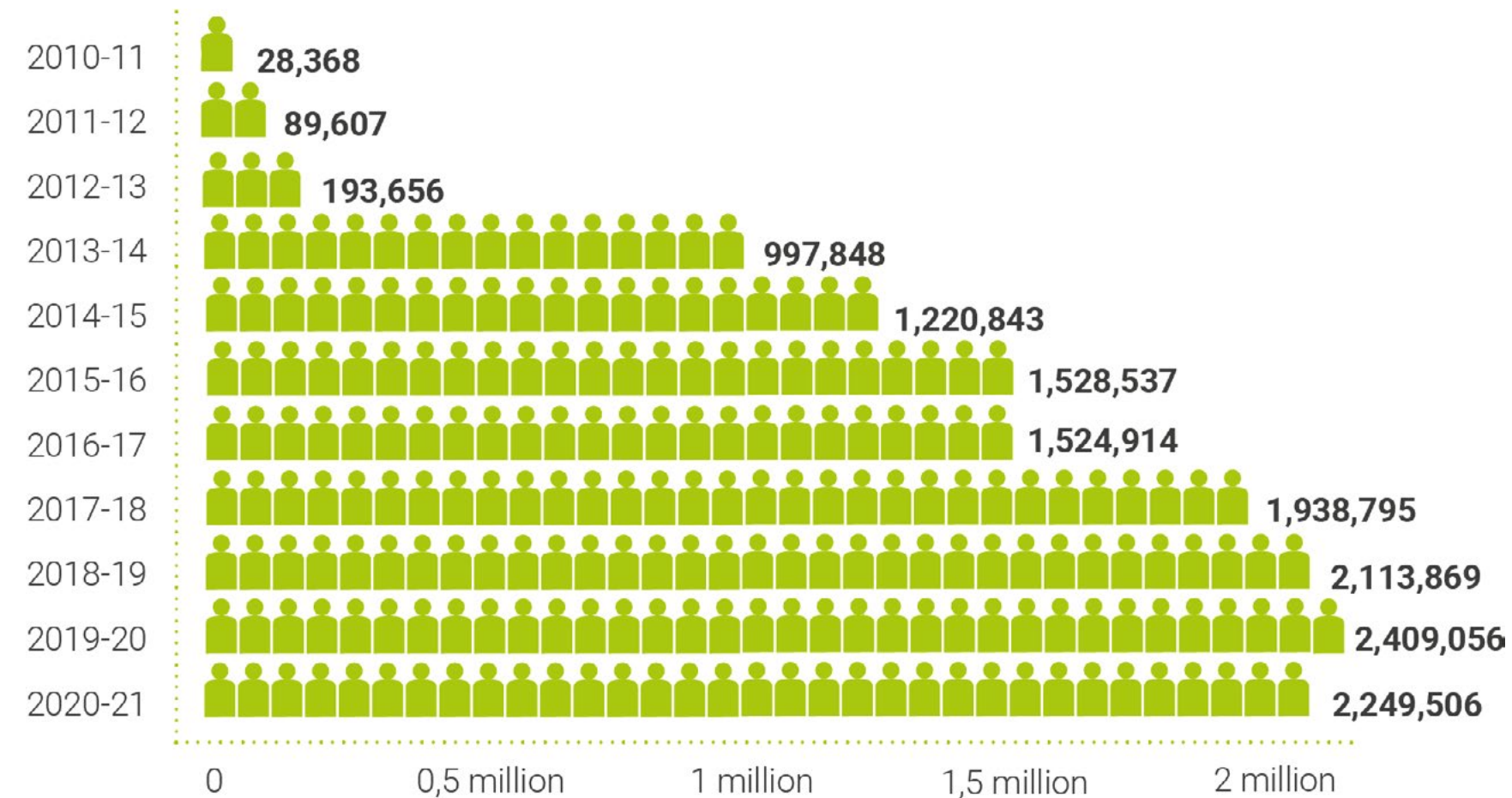
- Difficulties in Mali caused by an internal boycott – due to a decline in the seed cotton price and an increase in input costs – led to a decrease in cotton production.
- There was no Better Cotton grown in Madagascar in the 2020-21 season as the only Producer Unit (a group of farmers) in the country did not meet the core requirements of the Better Cotton Principles & Criteria and therefore did not receive a Better Cotton licence. The programme in Madagascar will be discontinued from the 2021-22 season.
- There was a decrease in cotton production in Turkey as the government required farmers to introduce crop rotation in order to receive farming subsidies, which resulted in a decrease in the cotton-planted area.
- In Brazil, production of cotton declined slightly compared to the previous season, due to knock-on impacts of the Covid-19 pandemic, a fall in cotton prices and unpredictable weather patterns.

[Learn more about where Better Cotton is grown.](#)

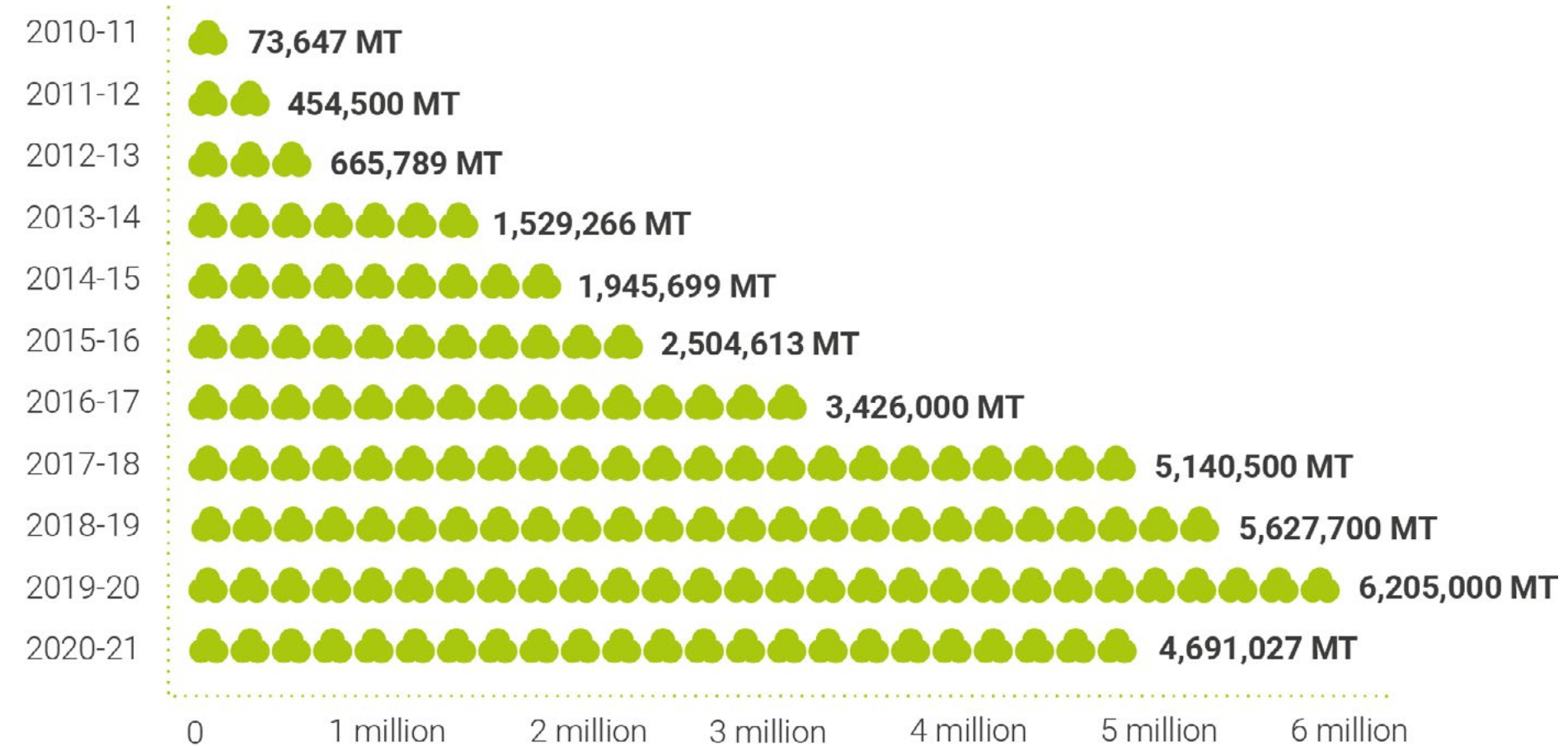


2010-21 Annual Data

2010-11 to 2020-21 Licensed Better Cotton Farmers



2010-11 to 2020-21 Volumes of Better Cotton Grown



3.9
Million
Farmers+

This figure is an estimate of additional people reached through the Better Cotton programme in the 2020-21 season.

Beyond the 2.9 million participating farmers, we have reached an additional one million individuals who also received support and training delivered by Better Cotton's Programme Partners. These are the co-farmers, workers, sharecroppers, and business partners who have undertaken farm-level decision making and shared a financial stake in the cotton farms participating in the Better Cotton programme.

[Learn more about Farmer+.](#)



Photo: Better Cotton Farmer, China.
© Better Cotton/Yuyang Liu

Market Results: Membership

Better Cotton's membership base is diverse and spans the entire cotton sector and beyond. In 2021, our network continued to grow, and **we were pleased to welcome more than 400 new members – surpassing 2,400 total members across 63 countries by the end of the year. This represents a 14% increase on 2020.**

There was also a 35% increase in the number of non-member suppliers – including ginners, traders, spinners, fabric mills, garment and end-product manufacturers, and sourcing agents – using the Better Cotton Platform, taking the total number of suppliers in our wider network to nearly 10,000.

Find out more about becoming a Better Cotton Member.

“We are proud of the continued commitment of our members to achieve record levels of Better Cotton uptake in 2021. This illustrates the growing appetite for more sustainable cotton in the market. We are also delighted to see continued growth in our membership network, despite high levels of uncertainty globally and primarily online engagement during the past year.”

Paula Lum Young-Bautil, Director of Membership & Supply Chain, Better Cotton

Membership 2021



Total Members

2,409

Find all members [here](#)

9,988 Non-Member BCP Suppliers

35% increase from 2020

Membership 2010-2021

Membership growth by category*

- Retailers and Brands
- Producer Organisations
- Civil Society
- Associate Members
- Suppliers and Manufacturers



*This graph shows the net amount of members at the end of the calendar year.

WHAT IS THE BETTER COTTON PLATFORM?

The Better Cotton Platform (BCP) is our proprietary online system used by members and non-member suppliers to document volumes of cotton sourced as 'Better Cotton' as they pass through the supply chain. Access to the BCP allows organisations to participate in the

Better Cotton Chain of Custody by recording information about cotton-containing orders sourced as Better Cotton, managing the required documentation and recording information about relevant sales to customers.

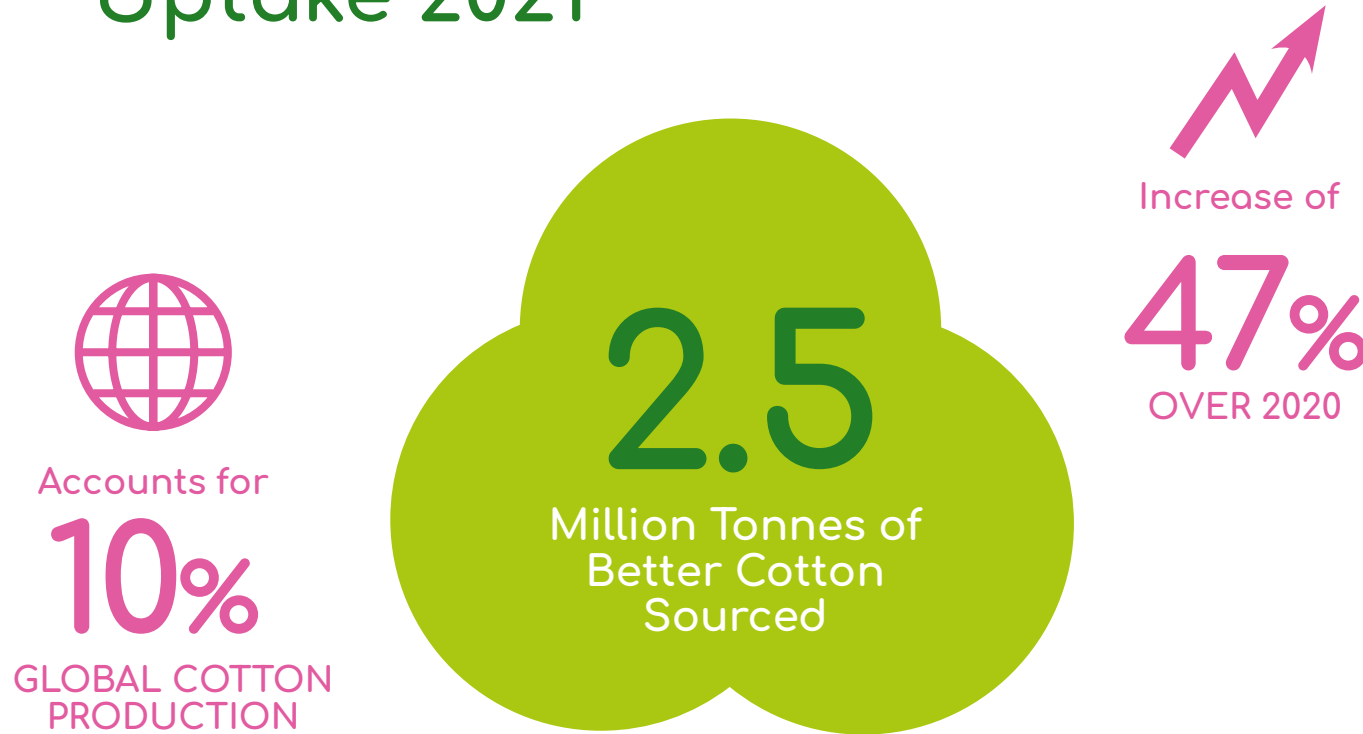
Market Results: Sourcing

While all Better Cotton Members play their part in contributing to more sustainable practices in cotton farming, Better Cotton Retailer and Brand Members drive progress through increased sourcing of more sustainable cotton. **In 2021, 260 Retailer and Brand Members collectively sourced 2.5 million tonnes of Better Cotton – a record for Better Cotton and the industry. This accounts for 10% of global cotton production and represents a 47% increase on 2020 sourcing volumes.**

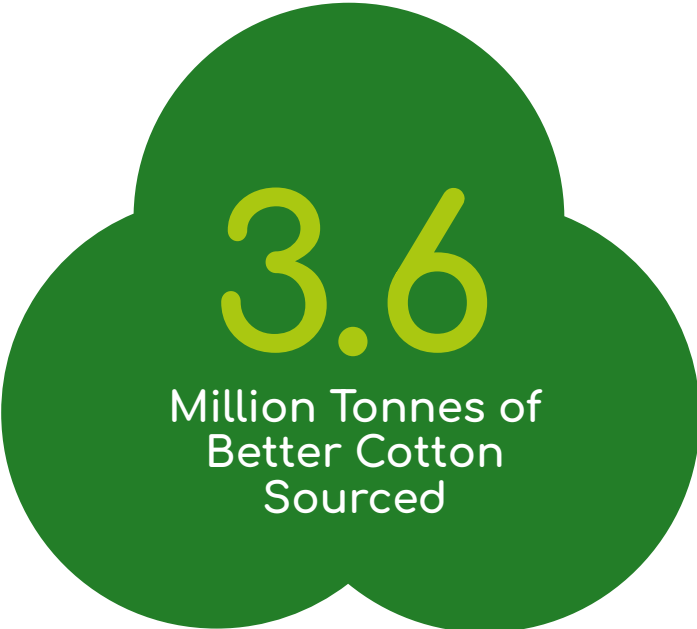
“We are pleased to continue to support Better Cotton as they aim to achieve deeper impact for cotton farmers and farming communities and seek to make more sustainable cotton the fibre of choice for growers and buyers. Today, through our collective efforts, Better Cotton represents 10% of cotton sourced in supply chains, globally. This is a great launch pad for even bigger achievements by 2030, a journey we look forward to being a part of and helping develop even further.”

Arvind Rewal, Global Cotton Development Manager, IKEA

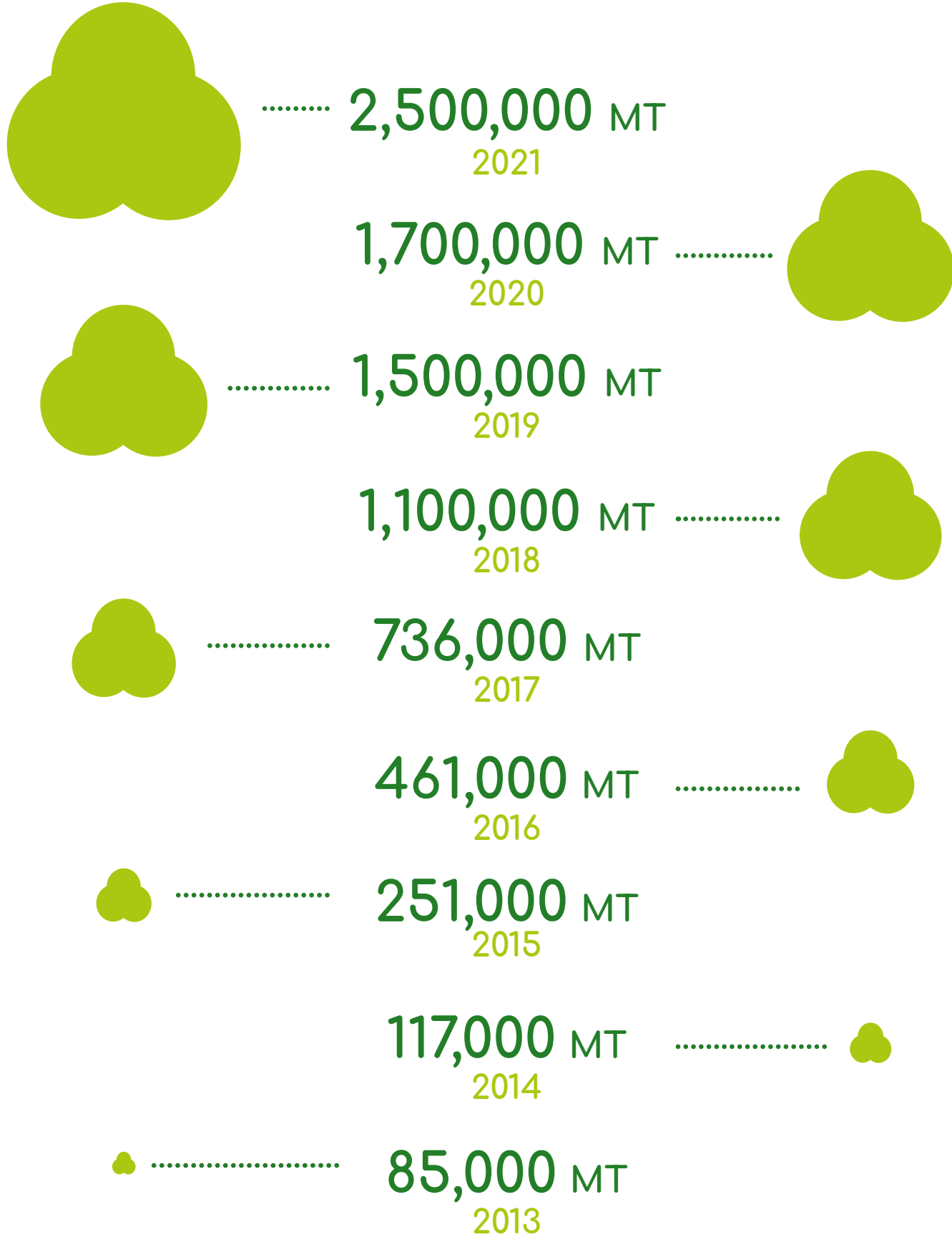
Retailer & Brand Member Uptake 2021



Spinner Member Uptake 2021



Better Cotton Uptake by Retailer & Brand Members 2013-2021



The Changing Legislative Landscape and Member Claims

Around the world, the regulatory environment for sustainability marketing and communications is evolving rapidly to require increasingly transparent and evidence-based consumer-facing claims. We welcome these developments and work to ensure that our members continue to have the opportunity to promote and report on their sustainability efforts in a credible way. To help make this a reality, we launched a revised version of the Better Cotton Claims Framework (V3.0) at the end of 2021.

“The updated version responds to changing policies as well as Better Cotton’s new branding. In particular, we are promoting greater transparency in member communications, thereby enabling those committed to sourcing more sustainable cotton to gain recognition for their efforts.”

Ellie Gaffney, Membership Communications Manager, Better Cotton

Today, 55% of our Retailer and Brand Members are choosing to communicate about their commitment to Better Cotton through their use of the Better Cotton On-Product Mark. In 2021, we saw more members communicating stories to their customers about the realities of their sustainability journeys, and the successes – and challenges – of sustainable cotton sourcing.

Claim Example | My First Steps Instagram Story



On Product Mark Example | Isay



Story From the Field Example | H&M Group Website



H&M Group

About us Brands Join Us Sustainability Investors Media

Welcome to H&M Group > Media > Our Stories > Females in farming: how Almas Parveen is changing the face of cotton growing in Pakistan

Female farmers: how Almas Parveen is changing the face of cotton growing in Pakistan

In Pakistan, women have little opportunity to influence farming practices or business decisions, and female workers are often given low-paid, manual tasks, with less job security than men. But 28-year-old Almas Parveen has broken the mould, overcoming cultural challenges, managing her family’s cotton farm in a sustainable way, and becoming the voice of female empowerment and gender equality.

27 Jan, 2020



Year in Review: Traceability

Developing a Traceability Solution for Better Cotton

There is a growing demand for traceable Better Cotton, as stakeholders worldwide seek more clarity over the social and environmental challenges associated with the cotton supply chain, and policymakers increasingly require businesses to demonstrate greater transparency. The European Commission has just introduced rules to help encourage more accurate environmental claims, for example. **With significant convening power and an extensive network, we are well placed to help drive this transformation, catalysing progress across the sector.**

To begin our journey to physical traceability, in 2021, we convened a panel of ten leading Retailer and Brand Members to advise and support the initial phase of Better Cotton's traceability strategy and solution development. These members had visibility into strategy development, and contributed to the shaping of the overall solution, including scope, timeline, budget and priorities.

Overall, we gathered input from over 1,500 organisations, confirming that traceability is business-critical across the industry. It is also clear that retailers and brands need to integrate sustainability and traceability into their standard business practices. Some 84% of respondents indicated that their customers now wanted to know where the cotton in their products was grown. In fact, four in five suppliers surveyed

sought the benefit of an enhanced traceability system. However, currently only 15% of apparel companies claim to have full visibility of the raw materials that go into their products, according to a recent study by KPMG. So there is still some way to go to help retailers understand where the cotton in their clothes comes from.

“Our top priority is to find ways to make this work in a way that delivers what consumers want in terms of traceability and what farmers need to achieve a thriving market.”

Alia Malik | Senior Director, Data and Traceability, Better Cotton

We've harnessed our findings to develop a comprehensive four-year activity plan and detailed budget for introducing traceability into the Better Cotton network. The approach is ambitious but realistic, founded on the needs and circumstances of our members, and the experience of others working on cotton traceability. It has allowed us to understand the initial requirements of our stakeholders and identify where we need to conduct additional

consultation to support the development of a credible, scalable and inclusive solution for the industry.

Looking ahead to 2022, we have convened a new panel of retailers and brands for the second phase – testing and enabling the delivery of new, viable traceability solutions. We will work with suppliers, NGOs and independent supply chain assurance experts to develop an approach that meets the industry's needs.

“This traceability panel is a major step towards overcoming challenges to tracing raw materials back to their source. We intend to address sourcing and intellectual property issues head on. Higher supply chain assurance comes at a cost – as verifying the exact origins of a garment requires more checks and controls – so the investment of additional resources will be critical.”

Alan McClay | CEO, Better Cotton



Photo: Hands pulling a cotton crop, Pakistan.
© Better Cotton/Khaula Jamil

Year in Review: The Better Cotton Identity

A New Brand for a New Decade

To mark our transition into our next strategic phase towards 2030, in 2021, we launched our new Better Cotton brand and website, giving ourselves a new look for a new decade.

We worked closely with experts to develop Better Cotton's new brand strategy, beginning the 12-month process with an in-depth brand audit, workshops with staff, members, partners and peers, and market research with consumers. We then developed a new brand identity, logo architecture and creative concepts. Once these elements were finalised, we channelled them into the development of a brand-new Better Cotton website, all launching in October 2021.

The rebrand brought a name change as well. Instead of the previously most used name for our organisation, BCI, we are now known primarily as 'Better Cotton'. As we become increasingly known around the world, this will help people understand

exactly who we are and what we stand for. We've kept the name Better Cotton Initiative for official purposes.

The name change also makes our purpose clearer at a glance, and the new logo visually provides a stronger link back to the cotton plant by incorporating a cotton boll image, and bolder colours from our new brand colour palette. Our refreshed brand identity will help us as we grow and evolve our systems and services over the next decade.

The website encompasses feedback and input from a range of stakeholders, including staff and partners. It was designed to be more accessible, relevant and user-friendly, complete with an easy-to-navigate structure and updated content. We also bring farmers and farming communities to the forefront, while more clearly communicating our impact.

"Our new branding and communications will help us to tell the Better Cotton story more powerfully - with passion and purpose - embracing our global leadership in cotton. We'll continue to share compelling human stories, while remaining dedicated to presenting the reality of cotton farming and the challenges facing the sector."

Eva Benavidez | Director of Communications, Better Cotton

Let the Better Cotton Team tell you more:



The Evolution of the Better Cotton Brand



2005-2019



2019-2021



2021 >

BETTER COTTON CLAIMS FRAMEWORK V3.0:

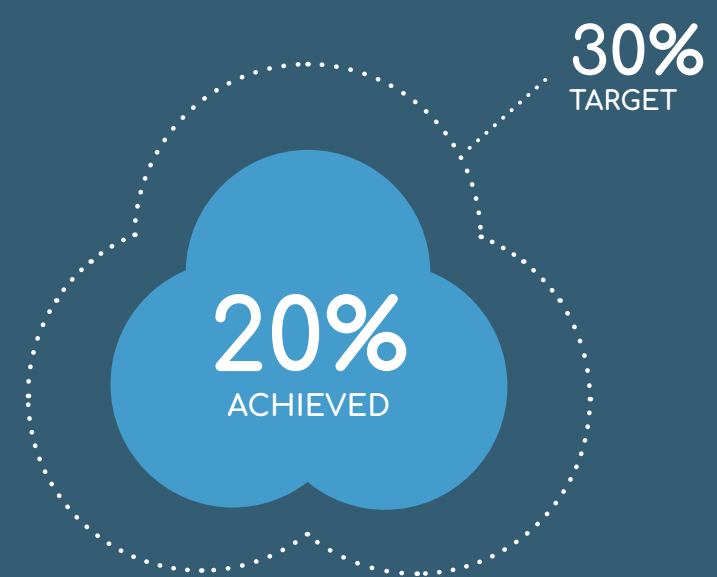
In October 2021, we also released an updated Better Cotton Claims Framework V3.0, including guidance and timelines for using the new Better Cotton brand and language. We are working closely with members to phase out use of the previous logo and begin using the new Better Cotton branding and claims.

Closing on Our 2020 Strategy

Summary of the Results From Our 5-Year Strategic Phase Ending in 2020

The final field-level data for this strategic period was taken from the 2020-21 cotton season, concluding in July 2021.

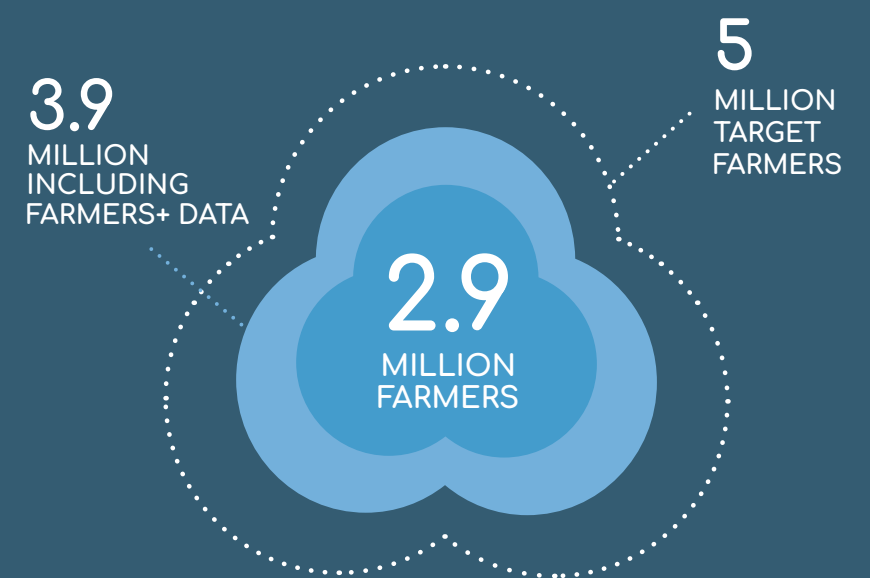
Total Production of Better Cotton



- We are proud that, in less than a decade, the collective effort of our stakeholders has led to Better Cotton reaching a fifth of global cotton production.
- A variety of factors, including the Covid-19 pandemic, weather variations, changes in the Better Cotton programme, and market conditions and socio-political challenges, had an impact on the volume reached. However, we have confidence that with the addition of new Better Cotton programme countries, enhanced focus and support in existing countries, and increased demand for more sustainably produced raw materials, production of Better Cotton will continue to increase in the coming years.

The data used to calculate Better Cotton production is taken from the final 2020-21 cotton season.

Farmers Reached by the Better Cotton Programme



- When Better Cotton set the target to reach 5 million farmers, we knew it was ambitious and would stretch us and our partners. While we did not quite reach our target, we would like to thank our Programme Partners for their continued dedication and support for farming communities, particularly during this past year. They demonstrated considerable flexibility and passion for our mission amid a constantly evolving set of circumstances and challenges.
- Beyond farmers, we reached an additional one million individuals who participate in farm-level decision-making and share a financial stake in their cotton farms. These are co-farmers, sharecroppers and certain types of farm workers, and they also receive support and training delivered by Better Cotton's Programme Partners. [You can learn more about Farmers+ and how Better Cotton will calculate the reach of its programmes in the future here.](#)

The Farmers+ figure is an estimate of additional people reached through the Better Cotton programme in the 2020-21 season.

The data used to calculate Better Cotton's programme reach is taken from the final 2020-21 season data.

Uptake of Better Cotton by Retailer and Brand Members



- Retailer and Brand Members were on track to source 8% of global cotton production as Better Cotton in 2020, which would have brought us close to our 2020 target. However, we fell slightly short of this target, largely due to the Covid-19 pandemic.
- Despite this and given the increasing demand for Better Cotton over the past eight years, we are confident that demand for more sustainable materials will continue to grow in the coming years.

This figure was calculated at the end of the 2020 calendar year.

National Embedding of the Better Cotton Standard System

(or benchmarked equivalents)



- National embedding' is achieved when an organisation or institution within a country has established a formal, nation-wide responsibility to fund and uphold the Better Cotton Standard or has a benchmarked equivalent standard in place.
- Ten countries demonstrated various levels of national embedding by the end of 2020: Australia (myBMP), Brazil (ABR), Egypt, Greece (AGRO-2), Israel (ICPSS), Mozambique, Pakistan, Turkey, China and South Africa.

This figure was calculated at the end of the 2020 calendar year.

Better Cotton Secretariat Financially Self-Sufficient



- Better Cotton achieved this target in 2017.
- 100% of core operational costs (running the organisation, providing membership services and support, and maintaining the Better Cotton Standard System) are covered by earned income, and all donor funding goes to field-level activities and innovation.

This figure was calculated as of the end of the 2020 calendar year.

THE 2020 TARGETS IN FULL

- Better Cotton will represent 30% of global cotton production.
- Better Cotton and partners will support five million cotton farmers to improve their livelihoods by adopting sustainable agricultural practices.
- 10% of all cotton produced globally will be sourced by retailers and brands as Better Cotton.
- Nine countries to take direct responsibility for funding and implementing the Better Cotton Standard (or its benchmarked equivalent standards).
- 100% of Better Cotton's core operational costs are to be covered by earned income, and 100% of donor funds go to farm-level innovation or capacity building projects

Launching our 2030 Strategy

A New Ten-Year Strategy

To guide our actions for the decade ahead, in 2021 we launched our 2030 Strategy. Our new ten-year strategy focuses on transformation - deepening impact while continuing to expand our reach - to make cotton better for the farmers who produce it and for all those who have a stake in the future of the sector. The strategy is designed to deliver real, measurable change, in line with the Sustainable Development Goals.

To prepare the way for the launch, we worked closely with Better Cotton staff, members, partners and stakeholders for two years to develop the strategic direction for Better Cotton that will see us through our next decade. And in 2021, we focused on building a solid platform and base from which to launch the strategy, which centres around generating impact, ensuring relevance for farmers, raising field performance, introducing traceability and making sure that smallholders are able to come with us on the journey.

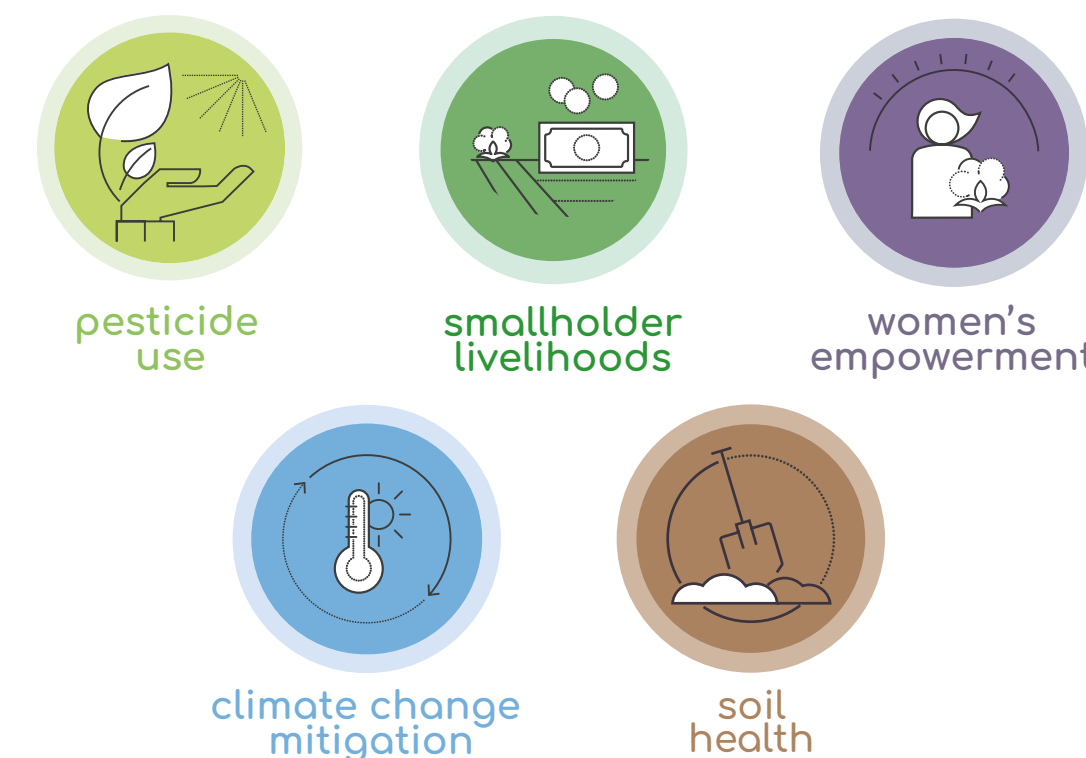
“We – together with Better Cotton Members and Partners – want to see real, measurable change on the ground in line with the 2030 Sustainable Development Goals. We encourage continuous improvement at farm level, wherever cotton farmers are on their sustainability journey.”

Lena Staafgard | Chief Operating Officer, Better Cotton

Importantly, as part of the 2030 Strategy, we launched the first of five impact targets and aim to launch the remaining four targets by 2023. We will measure and report our progress across these five areas to help ensure greater lasting economic, environmental and social benefits at farm level for cotton growing communities.

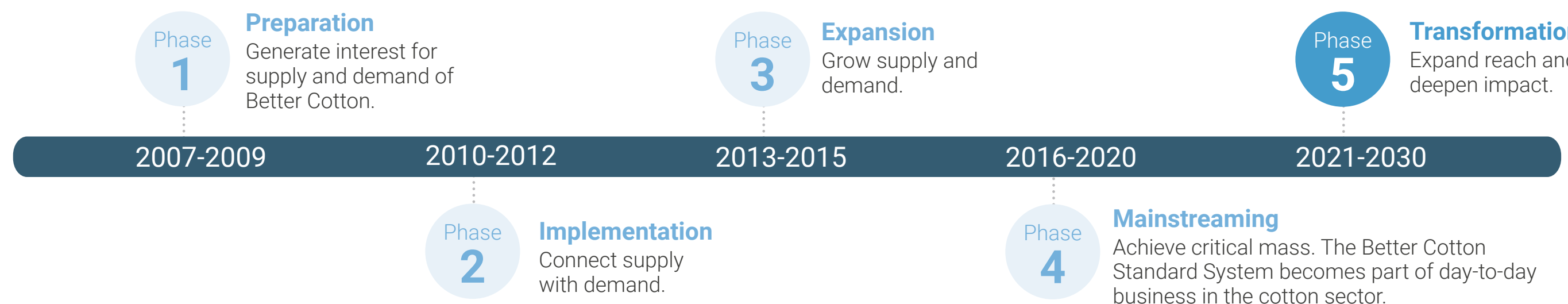
Through this next strategic period 2021-2030, we will build on the critical mass we have already achieved to drive sector transformation. The strategy will be the foundation for verifying targets, developing annual goals and national operating plans and monitoring progress.

This is Better Cotton’s agenda for change for the better. With our strategy to guide us, we will continue pushing towards our goal of deepening our impact on cotton farming and communities while contributing to systemic change and responding flexibly to evolving circumstances.



Better Cotton’s Five Impact Targets

Learn more about our 2030 Strategy and impact targets



THROUGH THIS DECADE, WE WILL:

- Deepen our focus on delivering more impact within the network we have developed over the past ten years.
- Strengthen the Better Cotton Principles & Criteria and their implementation, particularly with regards to human rights, decent work, climate change and regenerative agriculture.
- Invest more in impact measurement, strengthening our monitoring, evaluation and learning systems to demonstrate the outcomes of our work with farmers with greater transparency.
- Develop higher standards of traceability.
- Invest in technology and systems that enhance our capacity to gather, use and share data findings.
- Assume a more public leadership role in the sector and build awareness of our work.

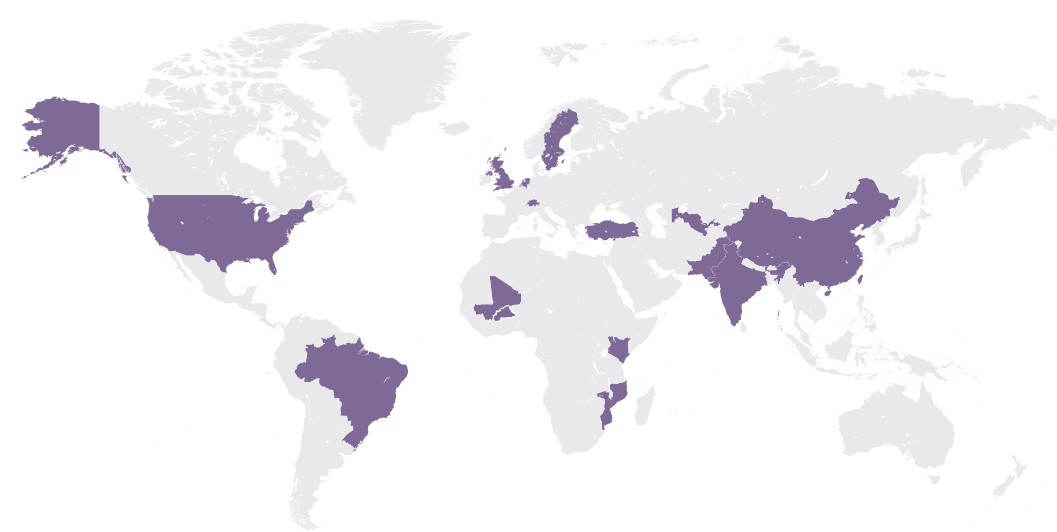
A Multi-Stakeholder Commitment

Better Cotton is the largest cotton sustainability programme in the world. In just over a decade, stakeholders who span the cotton sector have joined the Better Cotton network: farmers, field staff, ginners, spinners, suppliers, manufacturers, brand owners, retailers, civil society organisations, donors and governments.

Today, our network is made up of 141 Better Cotton secretariat employees, more than 2,400 members, close to 60 on-the-ground Programme Partners, thousands of field staff, tens of thousands of lead farmers and millions of cotton farmers, all working to implement more sustainable farming practices.

The Better Cotton Secretariat has staff located in 15 countries: Brazil, Burkina Faso, China, India, Kenya, Mali, Mozambique, Netherlands, Pakistan, Sweden, Switzerland, Turkey, United Kingdom, United States, and Uzbekistan.

- Total number of Better Cotton staff as of 31 December 2021: **141 full time employees**
- Average number of full-time employees in 2021: **127.3**



Secretariat Staff¹



Number of Full-Time Employees per Country

| | | | |
|---------------|----|----------------|---|
| 📍 UK | 35 | 📍 Brazil | 2 |
| 📍 Switzerland | 28 | 📍 Sweden | 1 |
| 📍 India | 29 | 📍 Uzbekistan | 1 |
| 📍 Pakistan | 20 | 📍 Kenya | 1 |
| 📍 China | 11 | 📍 Burkina Faso | 1 |
| 📍 USA | 4 | 📍 Mali | 1 |
| 📍 Mozambique | 3 | 📍 Netherlands | 1 |
| 📍 Turkey | 3 | | |

Programme Partners & Field Level Staff¹



Members



9,988
Non-Member Better Cotton Platform Users

“Since 2010, we have been demonstrating the power of public-private partnerships to garner action towards achieving more sustainable development in the cotton sector. The results we see at Better Cotton strengthen our conviction that we, together with our members and partners, are well placed to continue supporting cotton communities to survive and thrive while protecting and restoring the environment.”

Lena Staafgard, Chief Operating Officer, Better Cotton

¹ All figures for secretariat and field-level staff are accurate as of 31 December 2021
² Figures for Field Facilitators and Lead Farmers are rounded to the nearest tenth.
³ The figure for Lead Farmers is an estimate.

Year in Review: Climate Action

Launching a New Climate Approach and Climate Target

Cotton production both contributes to and is vulnerable to climate change. It also has the potential of contributing to climate change mitigation, through carbon sequestration in soil for example. Today's impact of cotton has been **estimated by the Carbon Trust** at 220 million tonnes of CO2 equivalent emitted annually. With our scale and network, Better Cotton is meeting the climate crisis head on. We stand to help accelerate the transition to reduce emissions from cotton, the world's most widely cultivated natural fibre. And importantly, we can help enable Better Cotton Farmers to be better prepared for climate change impacts by adapting their practices.

In this way, we're supporting cotton farming communities to reduce the emissions from cotton farming, while also building their resilience to the changing climate.

How climate action sits at the heart of the Better Cotton Principles & Criteria

Throughout our Better Cotton Principles & Criteria, we have laid strong foundations to help reduce the carbon intensity of cotton farming and help farmers to adapt to climate change on the ground. In 2021, we launched a revision of the Principles & Criteria with a view to ensuring that they continue to reflect best practices, are effective and locally relevant, and support our ambitions to drive change in the cotton fields. The revision period is expected to run until June 2023.

Global GHG Study

To prepare the way for our **Climate Approach** and new 2030 GHG emissions reduction goal, we undertook our first global GHG study, which assessed emissions from Better Cotton (or recognised equivalent standards) production constituting over 80% of licensed Better Cotton production across Brazil, India, Pakistan, China and the US. The analysis broke down emissions drivers for each state or province per country and found that that **GHG emissions from Better Cotton production across**

China, India, Pakistan, Tajikistan, and Turkey were on average 19% lower than comparison production. The largest emissions hotspot was fertiliser production, which accounted for 47% of total emissions from Better Cotton production. Irrigation and fertiliser application were also significant drivers of emissions application were also found to be significant drivers of emissions.

Climate Approach

Released in December 2021 as part of the Better Cotton 2030 Strategy, our Climate Approach is informed by a growing body of research on the intersection between cotton farming and climate change, the work of the Intergovernmental Panel on Climate Change (IPCC) and respects the goals of the Paris Agreement. **Importantly, it will enable us to support farmers to further mitigate their impact on climate change, adapt to its consequences and identify climate smart opportunities.** Our approach continues to evolve, and the delivery will be an ongoing and collaborative effort between Better Cotton and our partners, while we continue develop our programme and seek funding to support our long-term goals.

What's next?

By 2030, we aim to reduce greenhouse gas emissions per tonne of Better Cotton produced by 50% (compared to 2017 baseline). Importantly, we'll measure and report on our progress, using a set of robust indicators. As well as

OUR NEW CLIMATE APPROACH HAS THREE FOCUS AREAS:

- **Reducing cotton production's contribution to climate change.**
Accelerate the transition of Better Cotton Farmers toward climate-smart and regenerative agricultural practices that reduce emissions and sequester carbon.
- **Adopting to life in a changing climate.**
Equipping farmers, farm workers and farming communities to be more resilient to climate change impacts.
- **Enabling a just transition.**
Ensuring that the shift towards climate-smart, regenerative farming and resilient communities is socially and economically inclusive.

agriculture having a role to play in reducing emissions, it also has the potential to store large quantities of atmospheric carbon in the soil. Another of our impact targets for 2030 is soil health, and we will support farmers to implement climate-smart and regenerative agricultural practices that both reduce emissions, sequester carbon and improve soil health, such as cover cropping, reduced tillage, crop rotation and agroforestry. **Agriculture is part of the climate solution and has the potential to contribute to positive change.** In the coming years, we will enhance and accelerate our efforts and continue to embrace new innovations to reach our targets.

Finally, Climate Action is the theme for Better Cotton's 2022 conference, where the sector will come together in June 2022 to collaborate on a more sustainable future for cotton.

[Learn more about Better Cotton's Climate Approach.](#)



Photo: Farmer Zeb Winslow with his father and grandfather, USA. © Better Cotton/Zeb Winslow

Governance and the Better Cotton Council

The Better Cotton Initiative

The Better Cotton Initiative or Better Cotton for short, is a not-for-profit initiative founded in Switzerland in July 2009 as a Membership Association under Article 60 et seq. of the Swiss Civil Code in Canton Vaud, later moving its registration to Canton Geneva in 2011.

Better Cotton is registered at Chemin de Balexert 7-9, 1219 Châtelaine, Geneva, Switzerland. Better Cotton has affiliated legal entities that are also included in the accounts:

- China: Registered Office based in Shanghai since 2012.
- India: Branch Office based in New Delhi since 2016.
- Pakistan: the Better Cotton Initiative Pakistan is an independent legal entity established in June 2017.

Better Cotton also has operations in the following countries where staff are based: Brazil, Burkina Faso, Kenya, Mali, Mozambique, Netherlands, Sweden, Turkey, United States, United Kingdom and Uzbekistan.

Better Cotton's future is shaped by our Council, the elected board that helps drive cotton towards its truly sustainable future. A global group of secretariat staff, led by the Better Cotton Executive Group and Leadership Team, manage day-to-day operations and act as the conduit between Council decision-making and ground-level action.

In early 2021, we undertook a function realignment to enhance our team's ability to deliver our 2030 Strategy. A new 'Data and Traceability' function was created, which incorporates IT and Data; Monitoring, Evaluation and Learning; and Traceability teams. Existing members of the Leadership Team were appointed as Directors to lead each function at Better Cotton.

Executive Group and Leadership Team

| Name | Title | Location | Date Appointed to Current Role | Date Appointed to Leadership Team | Start Date at Better Cotton |
|---|---|----------|--------------------------------|-----------------------------------|---|
| Executive Group | | | | | |
| Alan McClay | Chief Executive Officer | Geneva | 28.09.2015 | 28.09.2015 | 28.09.2015 |
| Lena Staafgard | Chief Operating Officer | Lund | 01.04.2017 | 01.11.2011 | 01.08.2010 |
| Damien Sanfilippo | Senior Director of Implementation (March 2021 onwards) | Geneva | 01.08.2021 | 01.03.2014 | 01.03.2014 |
| Alia Malik | Senior Director of Data and Traceability (March 2021 onwards) | London | 01.08.2021 | 23.04.2018 | 23.04.2018 |
| Leadership Team - includes the Executive Group and the heads of function | | | | | |
| Paula Lum Young-Bautil | Director of Membership and Supply Chain | Geneva | 01.08.2021 | 01.01.2021 | 29.09.2014 |
| Chelsea Reinhardt | Director of Standards and Assurance | London | 01.08.2021 | 01.01.2021 | 15.08.2017 |
| Rebecca Owen | Director of Fundraising | London | 01.08.2021 | 01.08.2021 | 03.12.2019 |
| Eva Benavidez Clayton | Director of Communications | Geneva | 01.08.2021 | 01.01.2021 | 09.11.2015 |
| Siobhain Coburn | Director of Finance and Operations | Geneva | 01.08.2021 | 01.01.2021 | 01.10.2016 |
| Corin Wood Jones | Director of Special Projects Head of China Representative Office | Geneva | 01.08.2021 29.12.2021 | 01.01.2021 | 03.06.2013 / 10.03.2020 ¹ |

¹ Left and re-started at Better Cotton

The Better Cotton Council

The Better Cotton Council is a multi-stakeholder board mandated by the full membership through the organisation's General Assembly. The Council is formed among the Better Cotton Members through elections and appointment. The Council sits at the centre of the organisation and is responsible for our strategic direction. Together, Council Members shape the policy that ultimately helps to fulfil our mission: to help cotton communities survive and thrive, while protecting and restoring the environment.

Our Council also establishes any groups or committees that could help achieve our aims. There are two permanent committees in place: the Executive Committee and Finance Committee. There is also a Nominations Committee established during each election round to oversee fair and transparent elections.

Together, Council Members shape the policy that ultimately helps to fulfil our mission: to help cotton communities survive and thrive, while protecting and restoring the environment.

Adidas (Ebru Gencoglu), Anandi (R S Baalagurunathan) and PAN UK (Keith Tyrell) were elected to the Council in 2021. Supima (Marc Lewkowitz) was re-elected.

In addition to the elected members, Louis Dreyfus Company (Pierre Chehab) and Rural Business Development Centre (Shahid Zia) were co-opted to the Council in 2021.

The Better Council Structure

| Name of Council Member | Organisation | Start of Council Duty | Effective Date of Departure |
|---|-----------------------------------|-----------------------|-----------------------------|
| Ebru Gencoglu | Adidas | March 2021 | June 2024 |
| Chandrakant Kumbhani | Ambuja Cement Foundation | June 2016 | February 2021 |
| R S Baalagurunathan | Anandi Enterprises | March 2021 | June 2024 |
| Pathik Patel | Basil Commodities | June 2018 | June 2022 |
| Hamish McIntyre | Cotton Australia | June 2014 | June 2022 |
| Cecilia Tiblad Berntsson | H&M | March 2021 | June 2022 |
| Harsha Vardhan | H&M | June 2018 | March 2021 |
| Joost Oorthuizen | Independent | September 2012 | October 2021 |
| Jeff Hogue | Levi Strauss & Co | August 2020 | August 2021 |
| Sandeep Hota | OLAM | June 2012 | February 2021 |
| Keith Tyrell | PAN UK | March 2021 | June 2024 |
| Sarvareddy Venku Reddy | PRDIS | June 2016 | February 2021 |
| Bilal Israel Khan Secretary (until Feb 2021) | Farmers Associates of Pakistan | June 2010 | February 2021 |
| Amit Shah Treasurer | Independent | June 2018 | June 2022 |
| Isabelle Roger Secretary (since March 2021) | Solidaridad | June 2018 | June 2022 |
| Marc Lewkowitz Chair | Supima | June 2016 | June 2024 |
| Shahid Zia | Rural Business Development Centre | October 2021 | 2024 |
| Pierre Chehab | Louis Dreyfus Company | May 2021 | 2024 |

Council Committees 2021

Executive Committee

This committee consists of Council Officers: the Chair, Vice-Chair, Secretary and Treasurer, who are elected from among the Council Members.

Members: Marc Lewkowitz (Chair), Isabelle Roger (Secretary) and Amit Shah (Treasurer)

Finance Committee

Council Members as well as external experts (when required) make up this committee. The committee recommends the approval of the budget and annual financial statements to the Council. In addition, the committee regularly reviews Better Cotton's financial outlook and policies.

Members: Pierre Chehab, Hamish McIntyre, Isabelle Roger, Amit Shah, and Kees Kempenaar (external)

Nominations Committee

This committee is set up around each Council election period to oversee elections and the co-optation process.

Members: R S Baalagurunathan, Ebru Gencoglu, Marc Lewkowitz, Keith Tyrell

Strategy Steering Committee

This is an ad hoc committee convened by the CEO to oversee the 2030 Strategy process.

Members: Marc Lewkowitz, Pathik Patel, Amit Shah, Cecilia Tiblad Berntsson and Keith Tyrell

Selection of Council Decisions in 2021

In 2021, the Better Cotton Council:

- Endorsed the new Better Cotton logo and brand architecture as well as the timing of the new brand launch.
- Approved a phased approach to implementing the recommendations of the Task Force on Forced Labour and Decent Work report.
- Endorsed the direction for 2030 target setting in the areas of climate change mitigation, soil health, pesticides/toxicity, smallholder livelihoods and women's empowerment.
- Approved Better Cotton's Annual Operating Plan 2020 Final Report.
- Approved the 2020 Financial Statements including a €325,000 adjustment, which was a provision to restructure our operational activity in China.
- Approved the revised Better Cotton Member Code of Practice.
- Endorsed Better Cotton's management recommendation to postpone the membership fee review to 2022.
- Approved the Nominations Committee recommendation to nominate Rural Business Development Centre (RBDC), represented by Shahid Zia, to the vacant Producer Organisation seat on the Better Cotton Council.
- Approved Better Cotton's 2022 Operating Plan, including the public announcement of five target areas, a commitment to the GHG target (50% reduction in GHG emissions of Better Cotton by 2030) and commitment to the other four target areas.
- Approved the proposed membership of the Standards Committee.

Council Election 2022

At the end of 2021, we opened the application process for the 2022 Council Election, where there are four Council seats up for election, one in each of the four membership categories: Producer Organisations, Retailers and Brands, Civil Society and Suppliers and Manufacturers.

Members will vote for their Council representatives following the Better Cotton General Assembly in June 2022. The incoming Council will commence duty in September 2022 and the newly elected Better Cotton Member organisations will serve a four-year term on the Council, until September 2026.

[Learn more about the Council.](#)

At the end of 2021, we opened the application process for the 2022 Council Election, where there are four seats up for election.

Related Parties

Better Cotton Growth and Innovation Fund

The Better Cotton Growth and Innovation Fund (Better Cotton GIF or the Fund) was established by Charter in Geneva in April 2016 as a Swiss Foundation. Its three board members are the Better Cotton association CEO, who reports to the Better Cotton Council, the Chief Operating Officer and the Senior Director of Programmes. The Better Cotton GIF's investments are guided by two advisory committees: The Buyer and Investor Committee (BIC) and the Field Investment and Innovation Committee (FIIC). Better Cotton allocates resources, including employee time, to the Foundation's activities, as the Foundation has no employees or independent registered address. Previously, fund management was outsourced to IDH, The Sustainable Trade Initiative, one of Better Cotton's key strategic partners. At the end of their term as the fund manager, on 31 March 2022, Better Cotton took on those fund management responsibilities.



Photo: Tata Djibe, Agronomist, Mali.
© Better Cotton/Seun Adatsi.

Better Cotton Initiative Pakistan

Better Cotton Initiative Pakistan is an independent legal entity established in June 2017. A board of three directors governs the entity, and its executive management includes the Better Cotton Regional Director for Pakistan operations. A collaboration agreement exists to implement the Better Cotton Standard System. This entity received a licence to operate as an international NGO in Pakistan in April 2021. The operational activities were managed by Better Cotton Initiative Switzerland and will be transferred to the local entity in 2022.

Better Cotton's Approach to Risk Management

Based on ISEAL Guidance and industry best practice, Better Cotton has built in a risk assessment, recording and management process that is led by a cross-functional working group. Risks are periodically assessed and reported to management and Council. The risk management process informs the annual planning process, which includes mitigation strategies for organisational risk.

BETTER COTTON ACTIVITIES

- Stewardship of the Better Cotton Standard System
- Capacity building and training
- Assurance and licensing
- Chain of custody, including management of the Better Cotton Platform
- Monitoring, evaluation and learning
- Membership services including member claims and communications
- Research
- Fundraising and donor management

Financials

This financial information summarises the statutory financial statements for 2021.

Better Cotton fits the definition of a charitable non-profit organisation. It raises its income from members and the public, receives donations from grant-making foundations and governmental organisations, and provides services that benefit the general public.

In 2021, the Better Cotton membership base exceeded 2,400 members. Revenues from membership and non-member suppliers using the Better Cotton Platform constitute the primary source of our unrestricted operating income.

Better Cotton Retailer and Brand Members pay a Volume Based Feed (VBF). This fee is calculated based on the total Better Cotton Claim Units (BCCUs) recorded in the Better Cotton Platform (BCP). This corresponds to the volume of Better Cotton sourced by Retailer and Brand Members.

All VBF is used to fund farmer support, the majority in donations to the Better Cotton Growth and Innovation Fund (Better Cotton GIF) which are then allocated to field-level projects.

The use of the VBF is restricted and aside from donations to the Better Cotton GIF, a portion of it is utilised by Better Cotton as follows:

- Performing assurance activities around the effectiveness of the Better Cotton Standard.
- Contributing to costs of implementation by our strategic partner, Aid by Trade Foundation (AbTF).

Other restricted funding includes the grants and donations from other donors for specific projects.

Better Cotton prepares the Financial Statements under SWISS GAAP FER21. The use of Swiss GAAP FER improves the transparency of the allocation of the resources spend on behalf of our members and donors or partners. These are the Accounting Standards used for charitable non-profit organisations based in Switzerland.

Summary of Audited Accounts

Financial Position

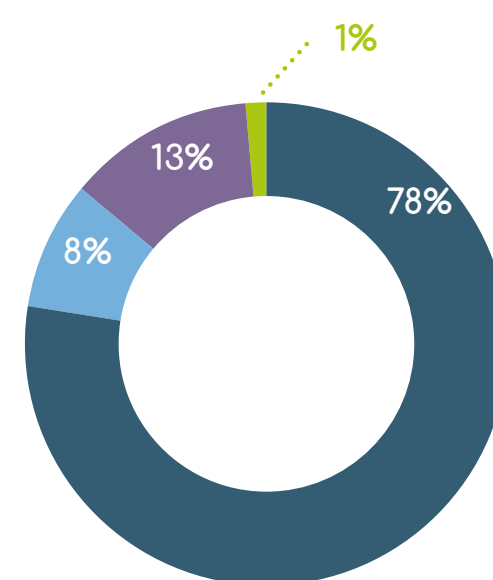
| €'000s | 2021 | 2020 |
|--------------------------------------|---------------|---------------|
| Short-Term Assets | 28,830 | 24,442 |
| Long-Term Assets | 84 | 74 |
| TOTAL ASSETS | 28,914 | 24,516 |
| Short-Term Liabilities | 10,806 | 9,722 |
| Long-Term Liabilities | 161 | 18 |
| Funds: Income - Restricted | 9,154 | 8,944 |
| Organisational Capital | 8,793 | 5,832 |
| TOTAL LIABILITIES AND CAPITAL | 28,914 | 24,516 |

Statement of Operations

| €'000s | 2021 | 2020 |
|--|--------------|--------------|
| Income* | 29,535 | 19,175 |
| Operating Expenses | (26,504) | (16,249) |
| Operating Result | 3,031 | 2,926 |
| Net Financial Result | (68) | (364) |
| ANNUAL RESULT | 2,963 | 2,562 |
| Change in Funds | 210 | 6,562 |
| Annual Result Before Allocations | 3,173 | 9,124 |
| Change in Restricted Funds | (210) | (6,562) |
| Allocation to Earned Capital - Unrestricted | (2,963) | (2,562) |
| Annual Result After Allocation to Capital | - | - |
| <i>*of which is restricted</i> | 17,776 | 9,383 |

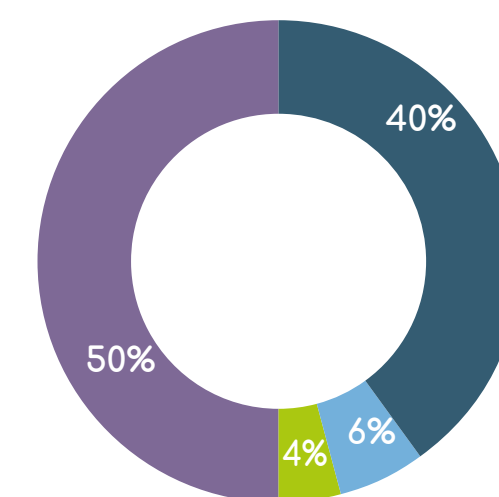
Better Cotton 2021 Income

Source for Operating Income



- Membership and Better Cotton Platform Access Fees
- Grants From Private / Public Donors
- Project Credibility Income
- Partnership, Events & Training Income

Restricted/Unrestricted Income



- Unrestricted Income
- Restricted Income (Project Credibility)
- Restricting Income (Used for GIF Projects & Field Funding)
- Restricted Income (Donors)

Better Cotton 2021 Expenditures

Field Level

Better Cotton donates the majority of the VBF to the Better Cotton GIF. The recognition of VBF is when it is utilised. VBF is utilised for two main purposes in Better Cotton: we use some of this income source to cover the costs of field-based assurance and data collection, and the remainder of the income is recognised when it is donated to the Fund. The Better Cotton GIF then awards grants to Better Cotton Programme Partners.

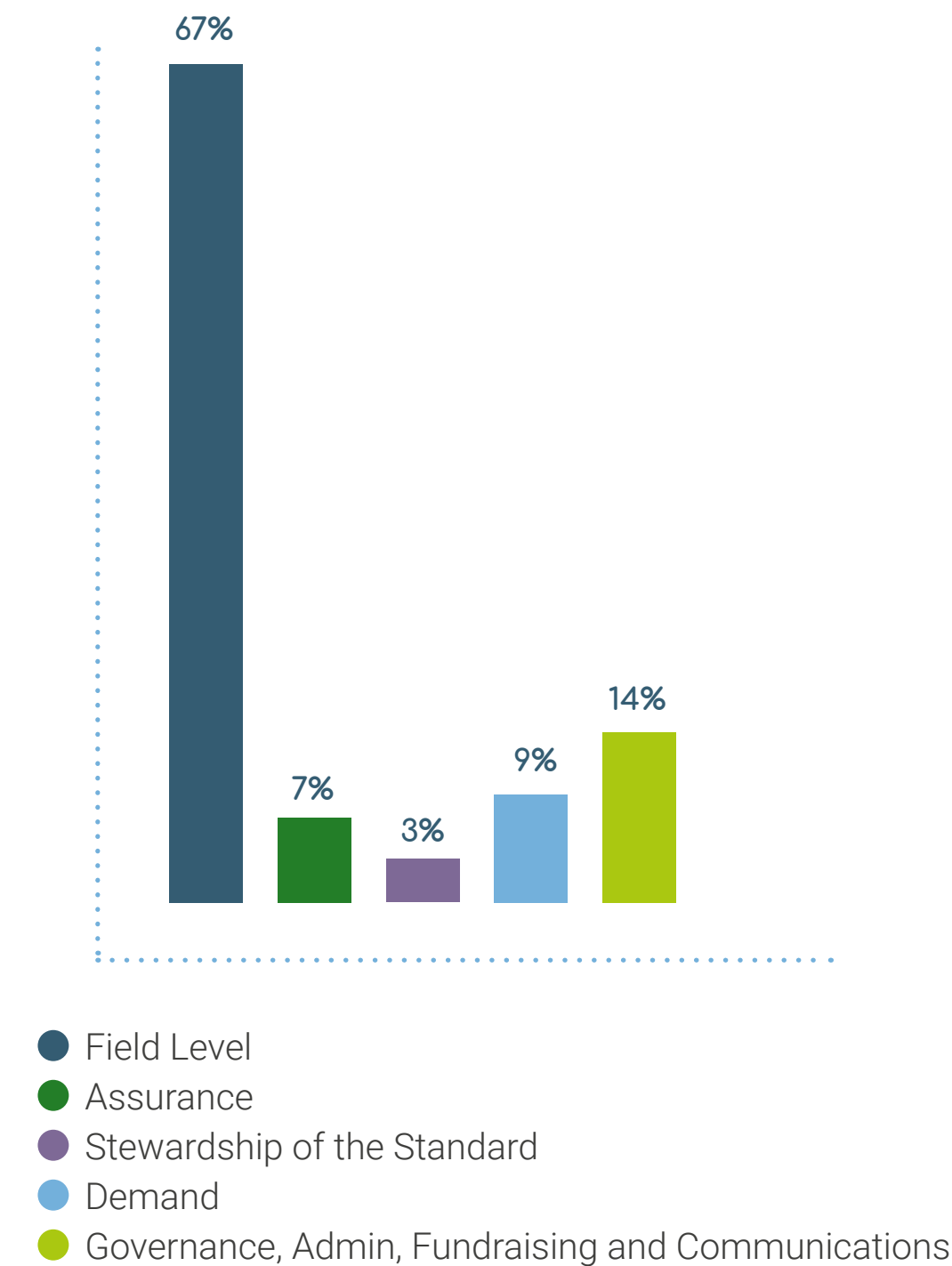
The Better Cotton capacity building programme creates positive change by supporting our Programme Partners to implement the Better Cotton Standard. Our partners work in 27 countries, and more than 2.9 million cotton farmers globally have already benefitted from Better Cotton training on more sustainable farming practices, as well as another one million members of the wider cotton farming community, including co-farmers, sharecroppers, business partners and permanent workers.

More than 2.9 million cotton farmers globally have already benefitted from Better Cotton training.

Assurance Programme

The Better Cotton Assurance Programme ensures that farmers meet the core requirements of the Better Cotton Principles & Criteria. Better Cotton's approach to assurance and licensing combines assessments by approved third-party verifiers along with assessments by trained Better Cotton staff members, support visits by Programme Partners, and regular self-assessments by producers themselves.

Expenditures Overview



Stewardship of the Standard

In line with codes of good practices for voluntary standards, the Better Cotton Standard is continually reviewed and updated to ensure it addresses all pillars of sustainability, continues to meet best practice, is effective and locally relevant, and aligns with Better Cotton's 2030 Strategy.

Demand

The Better Cotton Chain of Custody (CoC) connects supply with demand, from the farmers who produce Better Cotton to the companies that source it. Our CoC ensures that the volumes of Better Cotton claimed by Better Cotton Retailer and Brand Members do not exceed the volumes licensed.

Financial Highlights 2021

Our financial position at the close of 2021 was healthy with a strong cash position. Operational income continued to grow as our membership and Better Cotton Platform user base increased. Operating expenses remained well managed. The increased operational costs were due to staff recruitment to support the ever-increasing membership and Better Cotton Platform users, as well as the expansion of the Better Cotton programme into new countries.

Donations of the VBF to the Better Cotton GIF, which are recognised when we donate these to the Fund, increased in 2021 back to the levels seen prior to the Covid-19 pandemic. During 2020 our VBF income recovery was more challenging than it had been in prior years. Some of our members faced operational challenges due to the global lockdown and therefore donations to the Better Cotton GIF were reduced. In 2021 our donations to the Better Cotton GIF returned to normal levels and we resumed our level of funding.

We were also able to strengthen unrestricted reserves for Better Cotton. These reserves now exceed the reserves policy which is six months of the next year's planned operational expenses. These reserves will enable the organisation to navigate any challenges with the transfer to the next strategic phase and the economic uncertainties the sector may face.



Photo: Better Cotton Farmer, Ujiben J Parmar, India
© Better Cotton/Vibhor Yadav

Better Cotton and the Growth and Innovation Fund

The Better Cotton Growth and Innovation Fund (Better Cotton GIF) identifies and makes strategic investments in Better Cotton field-level programmes and innovations. It is one part of our capacity building programme. Next to the Better Cotton Standard System, field-level investments made through the Better Cotton GIF play an important role in enabling us to reach more farmers and train them on sustainable farming practices. The Better Cotton GIF is governed by two-multi-stakeholder committees – the Buyer and Investor Committee and the Field Innovation and Impact Committee – in partnership with Better Cotton Retailer and Brand Members, Better Cotton Civil Society Members and donors.

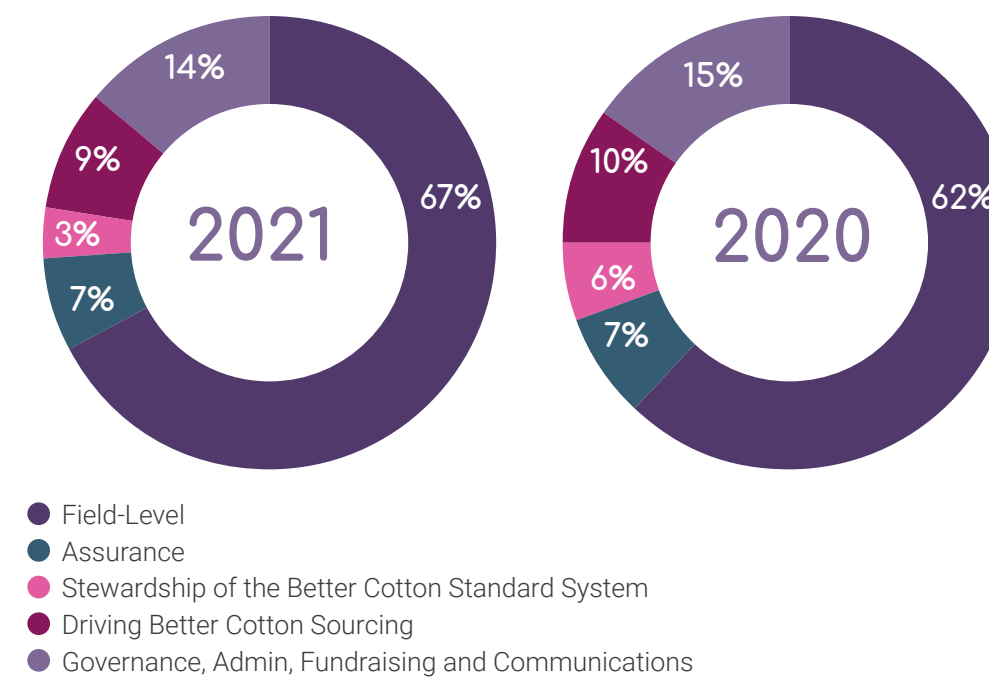
Many smallholder farmers in the Better Cotton programme are supported via grants from the Better Cotton GIF for capacity building. Each cotton season, Better Cotton endorsed Programme Partners can apply for grants to support their field-level training and support programmes. In addition to the VBF paid by Retailer and Brand Members, the Better Cotton GIF receives donations from institutional donors and government agencies. We also encourage Programme Partners to invest directly in the projects they run through the Better Cotton GIF.

Financial statements for the Better Cotton Initiative and the Better Cotton Growth and Innovation Fund are available by contacting membership@bettercotton.org.

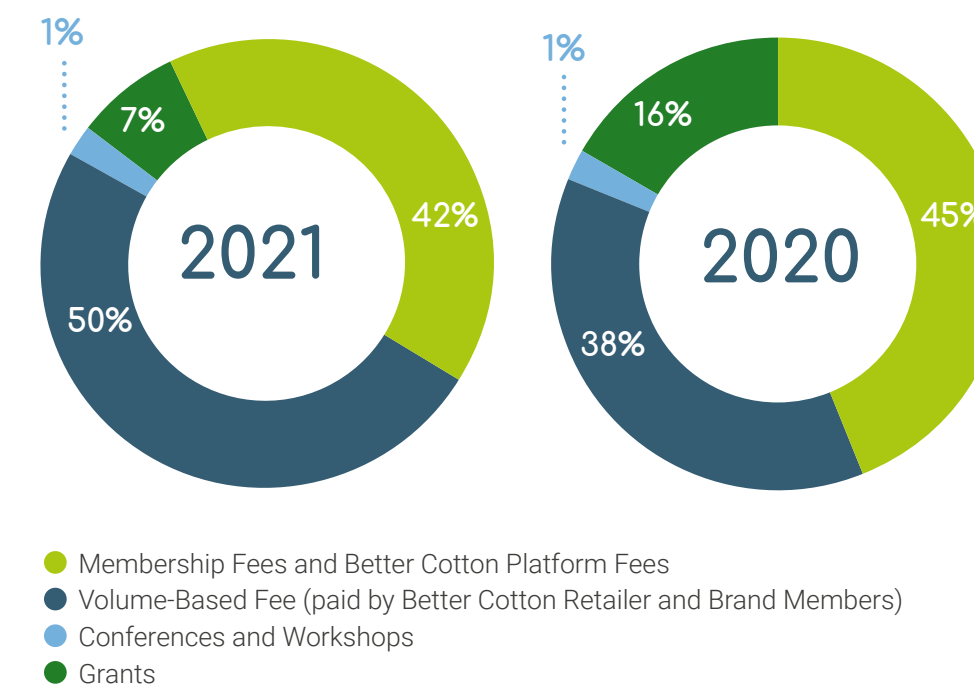
Please note that the presentation opposite combines income and expenditure for both the Better Cotton Initiative and the Better Cotton Growth and Innovation Fund. These figures are for illustrative purposes only. They are not a detailed representation of the consolidated financial activities of the Better Cotton Initiative and the Better Cotton GIF, which are two separate legal entities.

Combined Income and Expenditure

Expenditure



Income



| Expenditure | 2021 | 2020 |
|---|---------------|---------------|
| Field-Level | 17,932 | 12,623 |
| Assurance | 1,812 | 1,483 |
| Stewardship of the Better Cotton Standard System | 932 | 1,140 |
| Driving Better Cotton Sourcing | 2,316 | 1,994 |
| Governance, Admin, Fundraising and Communications | 3,641 | 3,058 |
| TOTAL | 26,633 | 20,298 |

| Income | 2021 | 2020 |
|---|---------------|---------------|
| Membership Fees and Better Cotton Platform Fees | 11,721 | 9,690 |
| Volume-Based Fee (paid by Better Cotton Retailer and Brand Members) | 14,090 | 8,180 |
| Conferences and Workshops | 141 | 138 |
| Grants | 2,133 | 3,626 |
| TOTAL | 28,085 | 21,634 |

(in thousands of euros)



Photo: Farm Worker, Fatouma, Mali.
© Better Cotton/Seun Adatsi.

Donors and Partners 2021

We would like to thank the following donors and partners who, by supporting Better Cotton are driving positive change in the cotton sector:

Donors and Funders

Better Cotton

International Social and Environmental Accreditation and Labeling (ISEAL), supported by Switzerland State Secretariat for Economic Affairs (SECO)

Helvetas, supported by Swiss Agency for Development and Cooperation (SDC)

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

International Finance Corporation (IFC)

Better Cotton Growth & Innovation Fund

IDH, The Sustainable Trade Initiative

Laudes Foundation

Australia Department of Foreign Affairs and Trade (DFAT)

Strategic and Programme Partners

Australia

Cotton Australia – **Strategic Partner, Benchmarked Programme**

Brazil

The Associação Brasileira dos Produtores de Algodão (ABRAPA) – **Strategic Partner, Benchmarked Programme**

China

CottonConnect China

Huangmei County Huinong Scientific and Technology Planting and Breeding Cooperative

Shandong Binzhou Nongxi Cotton Professional Cooperative

Songzi Nanwuchang Grain Cotton Oil Specialised Cooperative

Egypt

Modern Nile Cotton

ALKAN

Greece

ELGO-DOV – **Strategic Partner, Benchmarked Programme**

India

Aga Khan Rural Support Programme India

Ambuja Cement Foundation

Arvind Ltd.

Action for Food Production (AFPRO)

Basil Commodities Pvt. Ltd. (Basil Group)

Bharat Cotton

Coastal Salinity Prevention Cell

CottonConnect India

Deshpande Foundation

K K Fibers

Lupin Human Welfare and Research Foundation

Mahima Fibres Pvt. Ltd

Trident

Vardhman Textiles

Spectrum International (SIPL)

Udyansh Gramin Samaj Sewa Samiti (UGSSS)

Welspun Foundation for Health and Knowledge (WFHK)

WWF India

Israel

The Israel Cotton Production and Marketing Board (ICB)

– **Strategic Partner, Benchmarked Programme**

Kazakhstan

Tianli Agri

Mali

Compagnie Malienne pour le Developpement des Textiles (CMDT)

Mozambique

SANAM

SAN-JFS

Multiple African Countries

CmiA – **Strategic Partner, Benchmarked Programme**

Pakistan

The Centre for Agriculture and Bioscience International

Pakistan

The Central Cotton Research Institute

CottonConnect Pakistan

Rural Business Development Consultancy

The Rural Education and Economic Development Society

Pakistan

Sangtani Women Rural Development Organization

WWF Pakistan

South Africa

Cotton South Africa

Tajikistan

Sarob

Turkey

Canbel Tarim Urunleri Danismanlik Egitim Pazarlama

San. Tic. Ltd. Sti,

GAP Regional Development Administration

IPUD

WWF Turkey

United States

Allenberg (Louis Dreyfus)

Calcot

Cargill

Indigo Ag

Jess Smith & Sons

Olam

Plains Cotton Cooperative Association (PCCA)

Quarterway Cotton Growers

Staple Cotton Cooperative Association

Supima



Photo: PU Manager Murat Bucak, Turkey
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Photo: Farm Worker Shehnaz Bibi, Pakistan
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Outlook to 2022

Like for many organisations, the risks of a potential global recession may present some operational challenges going forward. We will continue to focus on prioritising the allocation of our resources to deliver the maximum impact, and we are fostering new fundraising partnerships to support our organisational development.

In 2022, we are focusing our efforts on the delivery of our 2030 Strategy and on finalising and launching our remaining 2030 impact targets. We have published our new **Decent Work Strategy** and formed new partnerships and ways of working with two long-term partners **Aid by Trade Foundation** and **IDH, the Sustainable Trade Initiative**. Leveraging our strengths, we will work collectively towards the sustainable transformation of the cotton sector towards 2030. Together, we will focus on programme development, field interventions, and scaling investment opportunities through impact funding. We also look forward to collecting feedback and insights on the **revision of the Principles & Criteria** during the public consultation, which will take place through August and September 2022.

We have already delivered a successful annual Programme Partner Meeting, bringing together partners from around the world to share best practices and innovations from the field, with a focus on soil health and gender equality, and we look forward to hosting the second edition of our Large Farm Symposium later in the year. We are delighted that in June 2022, we will

be holding our first Better Cotton Conference in three years, uniting the entire cotton sector – both in-person and online – to create a more sustainable future for this remarkable plant. The theme of the conference is Cotton + Climate Action, and we will cover topics including regenerative agriculture, climate change capacity building, smallholder livelihoods, gender equality, sustainability legislation and much more.

We look forward to sharing more with you as the year progresses.

“We will embrace our leadership role more purposefully, acting as a global knowledge hub and broker of best practice, while using our experience and influence to bring about systemic change.”

Alan McClay | CEO,
Better Cotton

Annex 1: Better Cotton Global Reach Data

| | | 2020-21 Harvest | | | | |
|------------------------------------|--------------------------------|------------------|-----------------------|--------------------------------|---------------------|-------------------------|
| | | Country | Participating Farmers | Licensed Better Cotton Farmers | Area Harvested [Ha] | Better Cotton [MT lint] |
| Northern Hemisphere (Mar.-Dec.) | China | 131,745 | 101,802 | 63,000 | 93,000 | |
| | Egypt | 2,265 | 1,576 | 1,000 | 1,000 | |
| | India | 1,121,264 | 909,905 | 1,336,606 | 829,508 | |
| | Kazakhstan | 509 | 509 | 5,000 | 4,000 | |
| | Mali | 14,876 | 13,689 | 23,000 | 8,000 | |
| | Pakistan | 562,387 | 495,809 | 1,032,000 | 682,000 | |
| | Tajikistan | 1,060 | 1,057 | 14,000 | 14,000 | |
| | Turkey | 3,014 | 1,986 | 34,000 | 67,000 | |
| | USA | 413 | 317 | 171,000 | 214,000 | |
| Southern Hemisphere (Oct.-Oct.) | Madagascar ³ | 660 | 0 | 0 | 0 | |
| | Mozambique | 80,519 | 52,805 | 45,660 | 9,898 | |
| | South Africa | 157 | 142 | 11,000 | 10,000 | |
| BCSS Global Totals | | 1,918,869 | 1,579,597 | 2,736,266 | 1,932,406 | |
| Northern Hemisphere (Mar.-Dec.) | Greece (AGRO-2) ¹ | 11 | 11 | 29,000 | 23,000 | |
| | Israel (ICPSS) ¹ | 40 | 40 | 3,000 | 6,000 | |
| | CmiA (AbTF) ² | 1,000,376 | 669,432 | 1,441,675 | 619,716 | |
| Southern Hemisphere (Oct.-Oct.) | Australia (MyBMP) ¹ | 81 | 81 | 60,993 | 141,438 | |
| | Brazil (ABR) ¹ | 347 | 345 | 1,078,024 | 1,968,467 | |
| Global TOTALS | | 2,919,724 | 2,249,506 | 5,348,958 | 4,691,027 | |

¹ Better Cotton recognised equivalent standards.

² The CmiA countries in the 2020-21 season include: Benin, Burkina Faso, Cameroon, Chad, Cote d'Ivoire, Mozambique (farmers in Mozambique which are both CmiA and Better Cotton licensed are only counted once.), Nigeria, Tanzania, Uganda, Zambia.

³ Madagascar's only Producer Unit did not earn a Better Cotton license in the 2019-20 & 2020-21 seasons, hence the figure for production is zero.

Please note that the Better Cotton production volume for Pakistan is an estimate – this is due to Covid-19-related verification challenges and some data quality issues. The figure has been estimated based on previous season production volumes and volumes sourced.



Photo: Tata Djire, Agronomist, holding freshly picked cotton.
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