The Better Cotton Initiative exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector’s future, by developing Better Cotton as a sustainable mainstream commodity.

The purpose of this report is to update BCI donors on Q2 2018 activities.

This document contains confidential information and is intended for the use of the individual or entity to whom it is addressed.
The Better Cotton Initiative (BCI) is the largest cotton sustainability programme in the world. Last year, with its partners, BCI provided training on more sustainable agricultural practices to 1.6 million farmers from 21 countries. BCI is truly a global effort, encompassing organisations all the way from farms to fashion and textile brands and civil society, driving the cotton sector towards sustainability.

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This report is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of the Better Cotton Initiative and do not necessarily reflect the views of USAID or the United States Government.
BCI 2017 Annual Report
Launched during Q2 at the BCI Global Cotton Conference in June, the BCI 2017 Annual Report reveals that Better Cotton now accounts for 14% of global cotton production, a 2% increase on 2016. Read the full report here.
Read more.

Revised Principles and Criteria Published
On 31 May, 2018, the revised Better Cotton Principles and Criteria (P&Cs) were made publicly available on the BCI website. The P&Cs are central to the Better Cotton Standard System and lay out the global definition of Better Cotton. By adhering to the P&Cs, BCI Farmers produce cotton in a way that is measurably better for the environment and farming communities. Access the Better Cotton Principles and Criteria here.
Read more.

Q2 Highlights

BCI 2018 Global Cotton Conference
The BCI 2018 Global Cotton Conference brought the entire sector together on 27–28 June in Brussels to collaborate on a more sustainable future for cotton. The conference opened with a powerful and energetic presentation on the evolution and value of the Sustainable Development Goals (SDGs) from Brice LaLonde, Founder and Chairman, Business and Climate Summit and former Assistant Secretary General (ASG) for the United Nations (UN). The first day of the conference was closed by keynote speaker Ewa Synowiec (Director of Directorate D: Sustainable Development; Economic Partnership Agreements, Africa-Caribbean and Pacific) from European Commission, DG Trade.
Read more.

Brice LaLonde — Founder and Chairman, Business and Climate Summit and former Assistant Secretary General (ASG) for the United Nations (UN) — speaking at the 2018 BCI Global Cotton Conference, 26–28 June, Brussels, Belgium.
Additional Meetings and Events in Brussels

Other meetings held in Brussels during the week of the Global Cotton Conference, 26–28 June, were:

- The BCI General Assembly;
- The BCI Annual Member Meeting;
- Roundtable on Pre-competitive Partnerships and the SDGs with donors, partners and supporters (Read more); and
- The BCI Council Meeting.

Additionally, Cotton Australia hosted a reception where the Honourable Justin Brown PSM — Australian Ambassador to Belgium, Luxembourg, the European Union and NATO — addressed the reception. He highlighted the successful partnership between the Australian Government, BCI Pakistan and Cotton Australia, made possible with funding from the Australian Government’s Department of Foreign Affairs and Trade. Due to the project’s success, there will be a second year of funding to build on the activities and technical exchange that begun in 2017.

New BCI Council Members

During Q2, BCI welcomed six new Council Members representing the following membership categories:

**Producer Organisations**
Cotton Australia, Hamish McIntyre, Chairperson

**Suppliers and Manufacturers**
Basil Commodities, Pathik Patel, Director

**Retailers and Brands**
Hennes & Mauritz, Harsha Vardhan, Global Environment Manager (Production)
Levi Strauss & Co, Michael Kobori, Vice-President, Sustainability

**Civil Society**
Solidaridad, Isabelle Roger, Corporate Engagement Senior Manager

**Independent**
Spectrum International, Amit Shah, CEO

The Council is an elected board whose role is to ensure that BCI has a clear strategic direction and adequate policy to successfully fulfil its mission. View the entire BCI Council [here](#).
BCI Membership

In Q2, BCI Membership grew to 1,346 members. We welcomed new Retailer and Brand Members Takko Holding GmbH, Target Australia Pty Ltd, CoolInvestments Group and Task International BV which raised the total number of BCI Retailers and Brands to 95, representing more than 350 individual brands.

We welcomed new civil society organisations Sawera Foundation (Pakistan), Aga Khan Rural Support Programme (India), As You Sow (United States), Rural Business Development Centre (Pakistan) and Centers For International Projects Trust (India).

Better Cotton Uptake

In Q2, BCI Retailer and Brand Member uptake was 213,307 metric tonnes (MT). Our projected uptake for this period was 228,297 MT. (Projection was based on a targeted increase of 50% over the same period of the previous year.) The small deviation from the target can easily be made up during Q3 and Q4, as we enter the new crop season in the northern hemisphere which makes up the majority of global production.

New BCI Directors

BCI welcomed two new Directors who will join BCI’s Executive Group: Alia Malik, Director of Implementation, and Amy Jackson, Director of Membership.
Upcoming Events and Meetings

- **BCI India Regional Member Meeting**
  14 August 2018 | New Delhi

- **BCI US Meeting and West Texas Farm & Gin Tour**
  13 – 14 September 2018 | Lubbock

- **BCI Bangladesh Regional Member Meeting**
  25 September 2018 | Dhaka

- **BCI Outreach Event: An Introduction to BCI and Better Cotton**
  25 October 2018 | Milan (Following the Textile Exchange Conference.)

In addition to these events, many trainings and workshops are scheduled. The complete list of upcoming BCI events can be found online [here](#).

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**Save the Date**

- **2019 BCI Global Cotton Conference**
  11 – 13 June 2019 | Shanghai, China

Mark your calendar to join us for the 2019 Global Cotton Conference in the textile sourcing hub of Shanghai.
Membership and Supply Chain

During the 2018 Annual Member Meeting, 26 June 2018, held in Brussels, BCI issued a call for action to BCI Supplier and Manufacturer Members to encourage their customers (retailers and brands) to join them on their sustainability journeys. BCI has set an ambitious 2020 uptake target — 10% of global cotton production sourced as Better Cotton by Retailer and Brands Members. If this target is to be achieved, BCI needs more Retailer and Brand Members. In addition, the BCI team will work to:

- Continue recruiting retailers and brands at the same level of success seen during Q1 and Q2.
- Engage with new BCI Retailer and Brand Members (who joined BCI in 2016-17) to increase their Better Cotton uptake.
- Support and encourage existing BCI Retailer and Brand Members to increase their Better Cotton uptake.

Members by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
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<tbody>
<tr>
<td>Retailers and Brands</td>
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<tr>
<td>Producer Organisation</td>
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<tr>
<td>Civil Society</td>
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<tr>
<td>Associate Member</td>
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<tr>
<td>Suppliers and Manufacturers</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>1346</strong></td>
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Members by Region

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<th>Percentage</th>
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<tbody>
<tr>
<td>Africa</td>
<td>25</td>
<td>1.9%</td>
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<tr>
<td>Asia</td>
<td>925</td>
<td>68.7%</td>
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<tr>
<td>Europe</td>
<td>313</td>
<td>23.3%</td>
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<tr>
<td>North America</td>
<td>51</td>
<td>3.8%</td>
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<tr>
<td>Oceania</td>
<td>8</td>
<td>0.6%</td>
</tr>
<tr>
<td>South America</td>
<td>24</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

(Source: BCI 2018)
Uptake of Better Cotton

BCI Retailer and Brand Member uptake is expected to reach a total of 1.1 million metric tonnes (MT) this year. The graph, showing Retailer and Brand Member uptake, shows monthly growth and the expected surge in uptake towards the end of the year (seen in previous years). Therefore, with the current Retailer and Brand Member uptake for the year at 414,562 MT (38% to target), we expect to see the target of 1.1 million MT reached by the end of 2018. This confidence is supported by high levels of spinner uptake during Q1 and Q2.

(Source: BCI 2018)
Standard and Assurance

Rolling out the Revised Better Cotton Principles and Criteria

In 2015, BCI engaged in a formal revision process of the Better Cotton Principles and Criteria (P&C). After two rounds of global public consultations (in February 2016 and January 2017) and several reviews by the BCI Standard Review Committee, the BCI Council approved a revised version of the P&C in November 2017. During Q2, the P&C was shared with key Implementing Partners and made publicly available on the BCI website.

The new Principles and Criteria document now aggregates the entire set of Version 1.0 components including the Performance Scales and the related guidance such as the ‘Principles and Criteria Explained.’ A guidance section provides explanations on how to best comply with the Standard and provides elements to continuously improve. Other streamlined documents are available on the website for a quicker review – the Summary Version and the document providing criteria breakdown per farmer category.

View Here.

Pre-competitive Partnerships and the SDGs\(^1\)

On 26 June, an informal roundtable of donors, partners and supporters was held to dialogue about how precompetitive partnerships for cotton production contribute to the Sustainable Development Goals (SDGs). The purpose was to take a closer look at how BCI contributes to the SDGs as well as identify and address challenges as BCI scales up at field-level. Meeting participants unanimously agreed that BCI is making a difference through its business model. However, there is much more to do before BCI achieves its 2020 goals to reach 5 million farmers and account for 30% of global cotton production.

To meet the challenges ahead, further global collaboration throughout the supply chain — as well as additional funding support directed to the Better Cotton Growth and Innovation Fund — is needed. The core SDGs noted by participants which directly relate to BCI’s work include:

- SDG 1: No Poverty
- SDG 2: Zero Hunger (Relates to sustainable agriculture systems.)
- SDG 3: Good Health and Wellbeing (Relates to the reduction of pesticides and hazardous chemicals.)
- SDG 5: Gender Equality
- SDG 8: Decent Work and Economic Growth
- SDG 12: Responsible Consumption and Production
- SDG 13: Climate Action
- SDG 15: Life on Land (Relates to biodiversity and soil management.)

The BCI Strategy Steering Group has taken this information on board and will shortly release a list of SDGs to which BCI will publicly align.

For further information, please contact Claudia Busch, Head of Development (Claudia.busch@bettercotton.org).

\(^1\)https://sustainabledevelopment.un.org/sdgs
BCI 2018 Global Cotton Conference

The BCI 2018 Global Cotton Conference brought the sector together on 27–28 June in Brussels to collaborate on a more sustainable future for cotton. Here are some of the conference highlights.

Sustainable Development Goals – Keynote Speaker

In 1969, Earth was seen for the first time, and in doing so it sparked a movement towards protecting it. Brice Lalonde, former Assistant Secretary General (ASG) for the UN, opened the conference with a powerful and energetic talk on the evolution of the Sustainable Development Goals (SDGs) and their power to drive positive change. The SDGs provide a clear framework for global action which sits above country borders and political landscapes.

Future Proofing for Business – The Sustainable Way

With the landscape changing across industries, sustainability now forms an integral part of sound business planning. Martijn Hagman — COO and CFO, PVH Europe and Tommy Hilfiger Global — explored the future mega-trends from Tommy Hilfiger’s perspective and their approach to innovating towards the future and why cotton is high on its agenda.

BCI Farmer Panel

Three BCI Farmers, Zeb Winslow III (USA), Vinodbhai Jasrajbhai Patel (India) and Almas Parveen (Pakistan) shared their captivating personal stories with conference attendees. Due to Pakistani visa issues, Almas, unfortunately, could not attend the conference in person, but gave her heartfelt account via video. From challenging gender inequality, to training their peers, to implementing innovative sustainable practices, this insightful session brought sustainable cotton production to life.
Scaling Demand and the CottonUp Guide

Dr. Sally Uren, CEO at Forum for the Future, and Anita Chester, Head of Sustainable Raw Materials at C&A Foundation, launched the new CottonUp guide at the conference. CottonUp is a guide to sourcing more sustainable cotton and aims to equip retailers and brands with information to increase their sourcing volumes of more sustainable cotton.

The Harvest

Throughout the conference, a graphic recorder encapsulated key points from each session and brought these ideas to life visually. This culminated in a highly participatory session called ‘The Harvest.’ The session prompted attendees to think ahead to 2030. Discussions were focused on stories of success and progress, hopes for the future in the cotton sector, the greatest opportunities available to us now, and actions required for change.

Graphic recording from ‘The Harvest’ session at the BCI Global Cotton Conference, 26–28 June, 2018, Brussels, Belgium.
The Annual Report celebrates the achievements of BCI Farmers, Partners, Members and Stakeholders from around the world, as BCI strives to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector’s future.

In the 2016-2017 cotton season, 1.3 million licensed BCI Farmers in 21 countries produced 3.3 million metric tonnes of Better Cotton lint, enabling a record-level of more sustainably produced cotton to enter the global supply chain.

Read the full report here.

*Final figure for Better Cotton as a % of global cotton production for 2016-17: 14.18%
NB: This figure is subject to change based on the finalization of 2016-17 ICAC world production figures. Source of ICAC World Production Figures: https://iac.cotton.org/10.7/Statistics/index/14.18
The India Team organised four regional Implementing Partner training workshops and one national workshop in Delhi. Agronomy and pest management experts were invited to speak at the regional workshops where they focused on the key sustainability challenges being faced in India and practices that farmers need to adopt to mitigate these challenges.

The Continuous Improvement Planning Template was launched at the national workshop in Delhi. It covers the following topics:

- Integrated Pest Management and Crop Protection;
- Water Stewardship;
- Soil Management;
- Biodiversity Management;
- Fibre Quality, and
- Decent Work.

Implementing Partners (IPs) who attended the workshop found the template to be relevant and useful to capture various practices in a comprehensive way. As a result of this national workshop, IPs in Gujarat were inspired to organise a local workshop (which 30 participants joined) with the aim to develop a common framework for the Continuous Improvement Plan. The outcomes of the meeting included plans on the new aspects of the Better Cotton Principles and Criteria including water stewardship, soil management and biodiversity.

Farm workers who work on BCI Farmer Vinodbhai Patel’s farm. Surendranagar, Gujarat, India. April 2018.
Pakistan

The Australian Government’s Department of Foreign Affairs and Trade (DFAT) extended its one-year funding to three BCI Projects in Pakistan. As a result of the renewed partnership between BCI Pakistan, Cotton Australia and DFAT, a help-desk to support Implementing Partners (IPs) in Pakistan will be established. Additionally, there are plans to hire a Master Agronomist (MA) who will establish a direct support programme to Pakistani IPs and will share cotton production expertise from Cotton Australia.

The MA will lead in IP capacity building, partnership management, online information management, performance evaluation and developmental needs of IPs. Furthermore, the MA will facilitate information flow, and day-to-day technical support to field staff on cotton agronomy and more sustainable cotton production. The MA will be in charge of designing a learning agenda for knowledge exchange, coordinate with Cotton Australia on a regular basis to feed expertise back to IPs and arrange monthly knowledge platform meetings between IPs, Cotton Australia and BCI. She or he will ensure that all queries from the field on technical aspects of cotton production are properly received and that solutions are provided.

China

The China Implementation Team visited Large Farms (LF) and Producer Units (PUs) in South Xinjiang to learn about their progress in integrating the revised Better Cotton Principles and Criteria. During the visit, the Implementation Team provided guidance on soil and water mapping to the PUs belonging to Huafu, an IP. They were unsure about how to do the mapping exercises and were encouraged by the team to draw the maps by hand. The updated maps shared later by Huafu showed good improvements.

Jintian, another LF, completed a water mapping, which involved mapping water quality and quantity. They also successfully applied to the Water Resource Agency to build a 20km long canal to guide water to the Jintian farm, reducing water loss through seepage on route. The agency is responsible for building seepage control canals and the cost will be covered by the government.
Chinese Co-op Helps More Than 275 Smallholder Farmers Raise Their Yields and Profits

In remote, rural Yuli County, in China’s Xinjiang region, the land is well suited to cotton farming, with 90% of the land dedicated to growing cotton. Generations of smallholder farmers have farmed cotton here for centuries amid widespread poverty, selling their yields to support their families. Three of BCI’s 13 Implementing Partners (IPs) in China support 7,123 BCI Farmers in the region. Increasingly, BCI is collaborating with diverse local partners – including cotton co-operatives, ginners, NGOs, social enterprises and local authorities – to raise awareness of the benefits of growing Better Cotton and to encourage more cotton farmers to participate in the BCI programme.

One such IP is the Zhong Wang Cotton Cooperative, established by the Zhong Wang family in 2015. It has also been a BCI IP since 2017 and manages one Producer Unit (PU) of 277 BCI Farmers, the entire membership of the co-op. In particular, the co-op seeks to attract more local cotton farmers to participate in BCI, and encourage more ginners to source more Better Cotton (ginning separates cotton fibre from the raw cotton bolls).
The Zhong Wang family has also been running its own ginning factory, Zhong Wang Textile Company, for three generations. 28-year-old engineering graduate Zhang Biao is proud to be leading his family's efforts to support BCI Farmers through the co-op and the family ginning factory.

"It’s an unconventional choice when many young people in China are moving to cities, but I believe agriculture is the foundation of all things in our country, and there are still many opportunities for young people [in farming]. I’m pleased to be helping farmers in Yuli County to grow their cotton more sustainably."

As a PU Manager, Zhang Biao’s goal is to help the 277 farmers in his PU deliver high quality cotton to the supply chain, and so far, he has achieved considerable success. The Zhong Wang Cotton Co-operative has nearly doubled its membership in two years, and with each of its 277 BCI Farmer members representing a family of four or five people, the benefits of membership have a multiplier effect.

Through the co-op, BCI Farmers have access to resources such as drip irrigation equipment and information on obtaining funding and government subsidies. The co-op purchases high quality pesticides, fertilisers and seeds on their behalf, helping them to benefit from bulk discounts.

It supports capacity-building at many levels: hosting training for Field Facilitators, offering larger knowledge exchange events for all members and providing advice on individual farms. As a co-op, Zhong Wong also buys its members’ cotton crop at the end of the season and sells it on to ginners. The family’s own ginning factory now sources approximately 70% Better Cotton.

"It’s my job to ensure that all our members learn best practice in respecting the BCI Principles and Criteria, while reinforcing the benefits of Better Cotton among our members, local cotton farming communities and through my daily interaction with other ginning factories [in the region],” says Zhang Biao.

With water scarcity becoming an increasing challenge in Yuli County — due to low rainfall, declining ground water levels and stricter government controls on ground water use — Zhang Biao is advising the BCI Farmers in his PU to optimise water use. Using efficient drip irrigation techniques, BCI Farmers are delivering water to the roots more quickly and reducing evaporation, compared to flood irrigation.

In the same way, BCI Farmers take a precise approach to improving soil health, with the co-op recommending different fertilisers depending on the soil’s needs. To improve pest control and reduce pesticide costs, Zhang Biao encourages BCI Farmers to grow crops such as corn and sesame around the fields, in order to attract more beneficial insects onto their farm, which also helps to promote biodiversity.

As a result of the co-op’s support, BCI Farmers have raised their yield by 370 kg of seed cotton/hectare annually since 2015 — to 5,400kg/hectare in 2016-17 — and increased their profits by $471 USD since 2015. With the additional income, many of the BCI Farmers buy farming tools and agricultural equipment, and help further raise their yields and increase their profits.

To help them further boost their yields, Zhang Biao is keen to explore how his members could share machinery, so that they can implement mechanised farming techniques and make further productivity gains. Importantly, Zhang Biao is seeing increased interest in Better Cotton among ginners, as demand for more sustainable cotton grows further up the supply chain, and wants to continue helping to accelerate the uptake of Better Cotton.

“Overall, I am optimistic about the future of Better Cotton in China,” he concludes. “Demand [for Better Cotton] is growing, people here are more environmentally conscious, and the government is pushing for improved environmental performance. Young farmers in particular are taking advantage of the opportunity to learn more precise, scientific farming approaches through BCI.”
Communications

Media/Social Media
During Q2, BCI had 85 media impressions – a 102% increase on the previous quarter. One of the reasons for increased media coverage was related to interest in sessions and speakers at the BCI 2018 Global Cotton Conference. Media coverage highlights during Q2 included appearances in Forbes (print and online), aDressed (Gap Inc. blog) and a podcast series called Earth Unscrewed (for Virgin). Greenhouse PR also included BCI in a thought-provoking new blog series, The Future of Commodities, which interviews leading organisations that are working to protect vital resources and pioneering change within their sectors. The interview reached 15,000 unique readers from the sustainability sector, including environmental leaders from across the globe.

The BCI website received 39,000 visitors during Q2, a 17% increase on Q1 2018. Similarly, during Q2 Twitter followers increased by 12% and LinkedIn followers increased by 18% compared to the previous quarter.

Retailer and Brand Member Communications
This quarter BCI increased its focus on working with Retailer and Brand Members to educate them about best practice when communicating about their more sustainable cotton commitments. To this end, BCI met with 20 brands providing them with either an Introduction to BCI Communications or refresher training. The BCI Communications Team also trained the marketing and PR teams of Ted Baker, House of Fraser, Target and Marks & Spencer.

Three new On-Product Marks were approved, and 26 claims were approved for publication via other channels. These claims included sustainability report content for Gap, Marks & Spencer, PVH, Hema, C&A and Target. Exciting new in store marketing materials were approved for use by John Lewis, Mimco and OVS and internal training videos were produced for Target Australia and Gap.

Perhaps most excitingly, Lena Staafgard, BCI COO, participated in Marks & Spencer’s first ever podcast, which is part of a series that focuses on sustainability and the history of the high street. Listen to the podcast at Corporate.marksandspencer.com and iTunes.

Claims Framework 1.1
The existing Better Cotton Claims Framework was launched in late 2015, and the relevance and quality of its content is reviewed on an annual basis (with the opportunity for mid-year updates at a more minor level). The Framework provides the guidelines on how BCI Retailer and Brand Members can make a claim about their BCI membership. The review aims to account for BCI’s evolving brand identity, and the experiences and mistakes learnt as we progress as an organisation.

As a result of the 2017 review, the revised Q2 version 1.1 of the Claims Framework was launched during Q2 incorporating changes and updates, including more ‘ready-to-use’ content, additional translations of claims, strengthened logo guidelines and a requirement for compulsory training on an annual basis.
In the 2017 BCI Annual Report, released in Q2, there is a dedicated section that highlights the Better Cotton Growth and Innovation Fund’s (GIF) activities and achievements here. Learn more about how the Fund’s reach fits into the wider BCI story in the Financial Footprint section here.

During Q2, the Better Cotton GIF finalised the 2018-19 season project portfolio. The contracted figures presented below are based on targets set by Fund recipients before the start of the cotton season. Throughout the course of the cotton season, project variances can occur.

Over the course of the 2018-19 season, the Fund hopes to enable a 31% increase in farmer participation compared to projections of those reached through funding during the 2017-18 season. This growth would not be possible without the continued support by BCI Retailer & Brand Members, and the support of the Australian Government’s Department of Foreign Affairs and Trade (DFAT), and IDH, the Sustainable Trade Initiative.

The Fund also welcomed a new Retailer & Brand Member to the Field Innovation & Impact Committee (FIIC): Charline Ducas, Unit Leader of Global Circular Economy at C&A. Charline Ducas replaced Phil Townsend from M&S, who completed his two-year term. Charline joins Pramod Singh, Cotton Leader at IKEA, along with Keith Tyrell of Pesticide Action Network, and representatives from BCI, IDH, and donor organisations. The FIIC are responsible for reviewing and endorsing the annual portfolio of shortlisted GIF applications and offering ongoing expertise on funding criteria and allocation, as well as the annual fund strategy and innovation workstream.