Contents

Foreword 3

Overview: Our agenda for transformation 4

#1 – Learning from experience 9

#2 – The world in 2030 13

#3 – Core strategy 22

#4 – Better Cotton Standard System 34

#5 – Geographic presence 40

#6 – Focus on farmers 45

#7 – Generating demand 52

#8 – Influencing change 55

#9 – Organisation & people 58

#10 – Investment 60

Annex #1
– Glossary Annex – Glossary 64

Annex #2
– Better Cotton’s Climate Approach 68
When Better Cotton launched just over ten years ago, we could hardly dare to dream that it would become the largest cotton sustainability programme in the world.

Today almost a quarter of the world’s cotton is produced under the Better Cotton Standard. Some 2.5 million cotton farmers have been trained in sustainable farming practices and licensed to grow Better Cotton. Many of the world’s leading apparel and textile brands support Better Cotton as members and investors in enabling more sustainable cotton farming in 25 countries.

While we can celebrate what we have achieved together with our many partners across business, civil society, international donors and the public sector, there is no cause for complacency.

The urgency and complexity of the challenges facing the world, from mitigating climate change and protecting the environment to alleviating poverty and combatting all forms of discrimination, make Better Cotton’s work even more vital today. The global pandemic has put the cotton sector under further strain in 2020 through to 2022, highlighting its fragility and making sustainability more important than ever.

At the same time, there are grounds for optimism. The long-term prospects for sustainably produced cotton are positive. The private sector is committed to sustainable sourcing to secure its supply of commodities and to meet the demands of citizens and consumers. Donors and investors are increasingly focused on impact investing and embracing new models to help make smallholder farming more viable. Technology has the potential to revolutionise agricultural practices for the better.

We will continue pushing towards our goal of transforming the cotton sector – deepening our impact on cotton farming and communities while contributing to systemic change and remaining adaptable to respond to unforeseeable events.

We embrace change. We are ready to challenge conventional wisdom and established practice, and to re-think how and where, working with others, we should deploy resources to drive the greatest impact.

We are deeply grateful to all who have helped bring Better Cotton to where we are today. We eagerly look forward to working with you over the next ten years to reach a whole new level of strategic objectives.

Alan McClay, CEO
December 2021
Overview:
Our agenda for transformation
This is Better Cotton’s agenda for change for the better.

This document sets the direction, but not the detail, of a ten-year plan to make cotton better for the farmers who produce it and for all those who have a stake in the future of the sector.

In these pages, we share our intent and our aspirations. We show our understanding of the challenges and opportunities ahead of us, recognising that we still have a long road to travel before we can deliver fully on the aspirations of our members, partners and funders.

Although we cannot foresee all the external factors which will influence our work, we are confident that cotton has a long-term future as a sustainable fibre choice, and that cotton farming can be a force for good in the face of climate change, water scarcity and pervasive poverty.

Our vision is still of a world where all cotton farming is sustainable. But our new mission is more ambitious than before: to help cotton communities to survive and thrive, while protecting and restoring the environment.

We have refined our Strategic Aims through discussion and consensus. We aim to:

- Embed sustainable farming practices and policies so that on cotton farms the soil is healthy and land, water and other resources are managed for the good of local communities and the planet.

- Enhance the well-being and economic development of cotton farmers by helping to make cotton farming economically viable for them and their communities, with improved working conditions, good health prospects and a better quality of life.

- Drive the global demand for sustainable cotton throughout its complex supply chains, by making Better Cotton the preferred choice for growers and buyers.

In Chapter #3, we explain how these Aims act as the drivers of our Core Strategy. In Chapters #4 – 7 we develop our four recurring themes: Farmer Focus, Impact, New Approaches and Collaboration.
Impact

We will deliver and demonstrate impact.

By impact, we mean progressive, measurable change for the better at field level, in line with the 2030 SDGs. Impact is important to us, the farmers, our members, funders and other stakeholders. This means getting better at generating real change on the ground, and in monitoring, evaluation, reporting and sharing the lessons learned — learning as much from our mistakes as from our successes.

In Chapter #3, we propose ambitious impact targets for the change we are striving to realise. Whilst success will require progress across all Principles & Criteria within the Better Cotton Standard, the targets themselves call out pesticide use, soil health, smallholder livelihoods, women’s empowerment and climate change mitigation as proxies for overall change.

We will go beyond reducing and mitigating environmental harm to actively promoting practices that are sometimes called regenerative or restorative agriculture.1 We aim to deliver outcomes and data that support members’ science-based targets and will be guided by an improved understanding of the reality of the conditions in which cotton farmers work.

Farmer focus

Our focus on cotton has already enabled us to license over a fifth of annual global cotton production as Better Cotton. We expect this to at least double by 2030.

We work across all kinds of farm types, sizes and farming contexts in over 20 countries, from smallholders to large-scale mechanised farms. We encourage and facilitate continuous improvement at farm level, wherever cotton farmers are on their sustainability journey.

Our capacity building will become more farmer-centric, better adapted to farmers’ expressed needs and designed to equip them to continuously improve. Socially and economically, we will strive to improve the lives and livelihoods of cotton farmers, farm workers and their communities.

Our members and our partners will contribute to alleviating poverty, reducing inequality, and spurring economic growth — while tackling climate change and working to preserve and restore the environment.

1. Practices grouped under headings such as restorative or regenerative include no-till agriculture — where farmers avoid ploughing soils and instead drill seeds into the soil — and use of cover crops, which are plants grown to cover the soil after farmers harvest the main crop. Other practices include diverse crop rotations, such as planting three or more crops in rotation over several years, and rotating crops with livestock grazing. Sometimes any practice that involves reduced fertilizer or pesticide use is considered regenerative agriculture. World Resources Institute, May 2020.
New approaches

We will create new opportunities and value for farmers through farming data, sharing best practices and improving access to finance and bundled services to enable them to farm more profitably.

Where possible, we will equip and support national actors, such as cotton associations, local governments and extension services, to share or take over responsibility for more sustainable cotton in their country. Better Cotton, as a multistakeholder initiative, will continue to hold the global definition of Better Cotton.

We will continue to drive demand and uptake for Better Cotton in current and new markets. We will lead the sector in developing solutions for physical traceability, enabling retailers and brands to make stronger sustainability claims for the Better Cotton content and provenance of their products.

You will see in Chapters #8–10 that we are committed to generate more investment for our work and to provide better value to our members, donors and partners. As part of this we will make a step change in our collection and use of data and upgrade our operating systems to become more efficient and more effective, and we will communicate more clearly and more often with everyone with an interest in sustainable cotton, from producer to consumer.

Collaboration

Partnership is the essence of how we work.

Better Cotton was conceived as a multi-stakeholder initiative and will remain so. Our governance, membership and ways of working are all based on collaboration, mutual respect and mutually beneficial partnerships.

We admire, respect and thank our partners for their contribution to any success we have achieved so far, and we know that at the beating heart of our organisation are our country staff, our IPs and the 6,000 field facilitators who go from village to village to train cotton farmers.

We will develop our network of almost 100 strategic and implementing partners to drive change on the ground. We will continue to work with other sustainable cotton initiatives and national sustainable farming initiatives and standards to promote more sustainable cotton production.

As expressed in our new Manifesto, we see Better Cotton not as a commodity but as a cause, shared by everyone who cares about cotton and its sustainable future, and covering every link in the supply chain from farmer to consumer, as well as governments, foundations and civil society organisations.
Next steps

This document is just the beginning of our planning process. It sets out our ambition and our intent, as well as many of the practical steps to deliver the strategy, including providing a framework for annual operating plans. Each impact target proposed in this strategy will have an associated indicator or indicators to track and measure results. The climate change indicator and target have already been developed (see page 27) and the rest are in process. They will be shared by the end of 2022. Over the course of the strategic period, we will report on what we have achieved and where we still have progress to make.
Learning from experience

#1
1.1 About Better Cotton

After four years of preparatory work, the Better Cotton Initiative (BCI) was launched in 2009 as a multi-stakeholder initiative (MSI) with the backing of leading retailers and brands, manufacturers, donors, civil society and development organisations.

The comprehensive Better Cotton Standard System (BCSS) is designed to drive continuous improvement in cotton production – environmentally, economically and socially – for all kinds of farmers, from smallholder farmers in countries such as India, Pakistan and Mozambique to large farms in countries such as Brazil, Australia and the US.

In 2021, we have a network of 65 Strategic Partners (SPs) and Implementing Partners (IPs) around the world, who provide farmer capacity building and support analysis of results indicators. Cotton produced in conformity with the Standard is licensed as Better Cotton. Transactions of Better Cotton by Better Cotton Members in the supply chain are recorded through the Better Cotton Platform (BCP).

Better Cotton is financed through a mix of membership and platform user fees and volume-based fees (VBF), levied on every metric ton of Better Cotton sourced by retailer and brand members. The Better Cotton Growth & Innovation Fund (GIF) fund Better Cotton projects to reach more farmers and accelerate transformation. Most projects are co-funded by IPs.

1.2 Strategy development

We have developed this strategic direction over a 24-month period, involving many of Better Cotton’s 100+ staff worldwide and a wide range of our members, partners and stakeholders. It will be the foundation for verifying targets, developing annual global and national operating plans, and monitoring progress.

Through the period 2021–2030 we aim to build on the critical mass we have already achieved to drive sector transformation through the fifth phase of Better Cotton’s development.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Period</th>
<th>Intent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation</td>
<td>2007-2009</td>
<td>Generate interest for supply and demand</td>
</tr>
<tr>
<td>Implementation</td>
<td>2010-2012</td>
<td>Connect supply with demand</td>
</tr>
<tr>
<td>Expansion</td>
<td>2013-2015</td>
<td>Grow supply and demand</td>
</tr>
<tr>
<td>Mainstreaming</td>
<td>2016-2020</td>
<td>Achieve critical mass</td>
</tr>
<tr>
<td>Transformation</td>
<td>2021-2030</td>
<td>Deepen impact and expand reach</td>
</tr>
</tbody>
</table>

Table 1: Better Cotton strategic phases

This Transformation phase will require both leadership and partnership. Better Cotton’s critical mass and network of relationships globally have made it a recognised leader and authority in the cotton sector and the broader sustainability landscape.

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 help bring about systemic change.
1.3 Building on achievements

Since 2013, Better Cotton’s reach has grown rapidly through our Expansion and Mainstreaming phases. By the 2019/20 Cotton Season, our members and partners had achieved remarkable success.

<table>
<thead>
<tr>
<th>Table 2: Better Cotton performance 2019/20 Cotton Season</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better Cotton share of global cotton production</td>
</tr>
<tr>
<td>Number of farmers licensed to grow Better Cotton</td>
</tr>
<tr>
<td>Investment in farmer support</td>
</tr>
<tr>
<td>Active Strategic &amp; Implementing Partners</td>
</tr>
</tbody>
</table>

*projected to grow to just over €125 million by the 2021-22 season.

Better Cotton farmer support enables hundreds of retailers and brands to contribute to farm-level improvement through programmes which are adapted to different contexts, identifying specific localised risks and challenges, and working with farmers to solve them.

We also connect supply with demand, pulling Better Cotton into supply chains through a mass balance system without layering in cost. Retailers and brands invest directly in capacity building for farmers, and benefit from a robust claims framework that enables them to communicate their sustainability commitments and contribution to their consumers and stakeholders.

“Better Cotton is like an extended arm for us to reach past our suppliers to go all the way to the farms.”

Retailer & Brand Member

Each year, we publish the Better Cotton Farmer Results Report, evolving this year into our first Impact Report, which sets out the social, economic and environmental results achieved by Better Cotton Farmers through farm-level results, as well as programme-wide monitoring.

These reports provide performance data for environmental indicators such as the use of pesticides, synthetic and organic fertilisers, biopesticides, and irrigated water as well as economic indicators for yield and profitability.

Click here to find out more
1.4 Addressing future opportunities & challenges

Our transformation phase builds on the strengths of Better Cotton, including:

- **Focus on cotton, with the potential to drive whole farm improvements**
- **Emphasis on continuous improvement, wherever farmers are on their journey to sustainability**
- **Decentralised, locally co-owned approaches to implementation**
- **Effective partner-led approach to farmer capacity building**
- **Robust, credible and cost-efficient assurance model at scale**
- **Recognition of other standards, so that cotton produced under comparable criteria can be counted as Better Cotton – improving global coverage of sources of supply**
- **Well-established relationships with leading global brands and retailers, many of whom are well on their way to 100% sourcing of more sustainable cotton**
- **A financial model which enables the Better Cotton organization to be self-sustaining, while maximising funding for farmers**

The achievements have been considerable but, we know we can do more and do better.

We are committed to improve our performance and accelerate progress in several essential aspects of our work, setting for ourselves the same goals of continuous improvement that we set for the cotton sector.

Through this decade, we will:

- **Pivot towards a focus on delivering more impact within the network we have built up over the past ten years**
- **Strengthen the Better Cotton Standard Principles & Criteria and their implementation, particularly with regard to human rights, Decent Work, climate change and regenerative agriculture**
- **Invest more in impact measurement, strengthening our monitoring, evaluation and learning systems to prove more clearly the outcomes of our work with farmers**
- **Develop higher standards of traceability**
- **Invest in technology and systems which enhance our capacity to gather, use and share data findings**
- **Assume a more public leadership role, build awareness and communicate more effectively, persuasively and consistently**
The world in 2030

Cotton Australia/Damian Edwards

#2

The world in 2030
The world faces pressing, complex challenges on the path to 2030. There is growing demand for urgent and transformative change to address the interrelated crises of climate change, water security, environmental degradation, and pervasive poverty and inequality. All affect the cotton sector.

We recognize that all long-term forecasting is limited: unpredictable political, trade or economic developments and/or public health events can disrupt or permanently damage sectors or individual businesses and organizations.

2.1 Sustainable Development Goals (SDGs)

The 17 Sustainable Development Goals (SDGs) are central to the 2030 Agenda for Sustainable Development, adopted at the United Nations Summit in September 2015. Better Cotton’s efforts to make Better Cotton a mainstream sustainable commodity are intrinsically aligned with the SDGs. Better Cotton is thus aligned with a broad movement that has gained considerable momentum, a dynamic which we can both support and benefit from.

We have identified 11 SDGs where our efforts are making significant contributions and through the BCSS we aim to embed social, environmental and economic sustainability into cotton production around the globe. We approach the SDGs holistically and aspire to be part of the global community working to make the world a better place.

Click [here](#) to find out more
2.2 Global cotton market

International trade patterns are changing, with more growth coming from intra-regional trade, especially in Asia and Africa, where half of the world’s population growth is expected over the next ten years. Trade domination of commodities by western brands will reduce as Asian brands account for a significant and rising share of cotton procurement, while online marketplaces and fashion integrators will also take market share from traditional retail-based brands.

By 2030, an additional 1.5 billion people are set to join the middle class, resulting in a total of 5.3bn worldwide. Most of this growth is forecast to come from Asia and is expected to drive a 63% increase in global garment production by 2030.

OECD-FAO forecasts for cotton production and demand over the period to 2029 are broadly positive. World production is projected to increase by 1.5% per annum and reach almost 30 million MT in 2029. The holistic use of the cotton plant will increase as its end-uses extend into a wide range of applications including animal feed, biomass, cooking oils, cellulose and industrial uses.

Over the next ten years, the main cotton-growing countries are expected to be India, China, United States, Brazil and Pakistan. Together, these countries account for more than three-quarters of global production and most of the production growth in this decade is expected to come from these countries, with India accounting for more than a fifth of the increase. At the global level, the cotton area is projected to grow by 6% while yields are projected to increase by 7% compared to the base period.

The global trade in raw cotton is expected to exceed 11 million MT in 2029. Bangladesh and Vietnam are expected to be the leading importers over the next decade. By 2029, both countries are projected to increase imports by more than 43%. Together, they will account for over 40% of global imports.

---

2. UN Population Prospects, 2019
3. WEF 2018: “those in the middle class have some discretionary income that can be used to buy consumer durables like motorcycles, refrigerators, or washing machines. They can afford to go to movies or indulge in other forms of entertainment. They may take vacations. And they are reasonably confident that they and their family can weather an economic shock—like illness or a spell of unemployment—without falling back into extreme poverty” https://www.weforum.org/agenda/2018/10/a-global-tipping-point-half-the-world-is-now-middle-class-or-wealthier
4. Global Fashion Agenda, May 2017
6. ICAC, 2020
8. Ibid
The United States will remain the world’s largest exporter, accounting for more than one third of global exports in 2029. Brazilian exports are expected to grow strongly over the next decade as Brazil emerges as the second-largest exporter by 2029\textsuperscript{10}.

We expect continued demand for cotton as a fabric of choice, with 82% of US consumers saying they prefer clothing made of cotton and cotton blends\textsuperscript{11}. At the same time, we recognise the demand for man-made and recycled fibres are growing. New technologies for collecting, analysing, separating and processing cotton-based materials will enable more effective recycling. Forecasts also suggest that the rented fashion market will grow by about 9% CAGR to some €2 billion by 2025\textsuperscript{12}.

Against this backdrop of global market trends, there are multiple challenges facing both cotton farming and farmers. Pressure to feed a growing global population will increase competition for arable land, already under pressure through the degradation of soil health. Longer term, we may also see geographic shifts in cotton production resulting from changes in climate, trade patterns and other factors.

The 2020 OECD/FAO report indicates that international cotton prices are expected to decrease in real terms over the next ten years, as world cotton demand remains under pressure from synthetic fibres, notably polyester. The decrease in real prices is equivalent to a slight increase in nominal terms. Since the early 1970s, when polyester became price-competitive with cotton, cotton prices have tended to follow polyester prices on average.

![World cotton prices](image)

*Figure 2: World cotton prices*\textsuperscript{13}

Note: The reference cotton price is the Cotlook price A index, Middling 1 1/8", cfr. far Eastern ports. Data shown represent the marketing year average (August/July)

The economic viability of cotton for smallholder farmers will remain brittle, with some earning as little as $2 per day. An estimated 84% of the world’s 570 million farms are smaller than 2 hectares\textsuperscript{14}. Some will reduce further in size while others will be impacted by migration away from rural areas. We may also see further consolidation into larger farming units in some countries. Increasing numbers of smallholder farmers will benefit from the growing trend of impact investment, much of which is focused on developing affordable local bundled services and finance to enable them to farm more profitably.

\textsuperscript{10} ibid
\textsuperscript{11} Cotton Incorporated (2019)
\textsuperscript{12} Businesswire, May 2020
\textsuperscript{13} OECD/FAO (2020), “OECD-FAO Agricultural Outlook”, OECD Agriculture statistics (database),
\textsuperscript{14} EU World Atlas of Desertification 2019
2.3 Drive for sustainability

There are many indications that the public and private sectors’ drive for economic, social and environmental sustainability will continue to gather momentum although there is still a long way to go before most businesses are fully engaged. In its 20th Anniversary Report, the UN Global Compact reported that, although 84% of its members are acting on SDGs, only 37% are designing business models that evidently contribute to the SDGs15.

Multi-national companies (MNCs) account for half of global exports, nearly a third of world GDP and a fourth of global employment16. Among Better Cotton Members, the importance of sustainability is increasing, being integrated into every process and function. We expect corporations to demand and demonstrate greater transparency and responsibility for actions abroad17. Corporations themselves will need to respond to emerging trends and pressures from consumers and investors and to new economic thinking, such as ESG, stakeholder capitalism and more equitable management of resources.

In some countries, human rights issues will pose a challenge for Better Cotton in terms of conformity with our Principles & Criteria and meeting industry and consumer demands and expectations. Public policy and regulation will force more sustainable conduct and practices into supply chains, particularly around Decent Work. Multi-stakeholder initiatives and voluntary standard systems will continue to play a major role in influencing and accelerating positive change18.

Intergovernmental initiatives are likely to generate significant resources for environmental action in countries where Better Cotton has a strong presence, such as the UNFCCC national mitigation and adaptation plans and the national biodiversity and action plans from the UN Convention on Biological Diversity.

We anticipate both increasing collaboration and competition between standard systems, greater transparency and reliable, comparable data19. We also expect an increase in the scale and influence of national or jurisdiction-based sustainability initiatives working across several different commodities in the same geographical area.

The public and private sector commitments to change will be driven and monitored by consumers whose demands for sustainability and provenance are increasing, both before and since Covid. This will heighten the need for better traceability to prove that our cotton originates from sustainable sources. Companies will increasingly need high standards of traceability to show that they are hitting environmental targets.

15. UN Global Compact 20th-Anniversary Progress Report: Uniting Business in the Decade of Action
16. The Sustainable Goals Development Report, 2019
17. ITUC 2017
18. MSI Integrity, July 2020
19. “Is sustainability in fashion?”, Economist Intelligence Unit, October 2020
2.4 Environment

The Intergovernmental Panel on Climate Change's 2021 report confirms temperatures are likely to rise by more than 1.5°C unless urgent action is taken. Rising temperatures are already threatening cotton yields by increasing stress on water supply and pressure on crops from pests and diseases.

Efforts to reduce GHG emissions will engage attention and investment across the private and public sectors. By the end of 2021, more than two thousand businesses and financial institutions worldwide were leading the zero-carbon transition by setting emissions reduction targets grounded in climate science through the Science Based Targets initiative (SBTi) — with the aim of making a measurable contribution to limit global climate increase. World leaders and climate experts also came together to approve the Glasgow Climate Pact at COP26. The agreement encapsulates new country pledges to keep the 1.5°C goal alive, finalising the outstanding elements of the Paris Agreement.

We anticipate continuing pressure on the fashion industry, among others, to reduce its carbon footprint. At COP26, the UN Fashion Industry Charter for Climate Action, of which Better Cotton is a signatory, announced its renewed commitment to reduce aggregate GHG emissions, pledging a reduction of 50% by 2030, up from its previous pledge of 30%.

Although the manufacture, distribution and consumer-use phases of the lifecycle of a cotton product account for the majority of its total GHG emissions, agriculture accounts for around 12% of global GHG emissions. At the same time, there will be similar attention to the adoption of science-based targets for climate, water, biodiversity and regenerative agriculture.

Poor agricultural practices will continue to affect farm worker health, biodiversity, local soil health, and water quality and availability. Although cotton is less water intensive than some other crops, 57% of the world’s cotton is grown in water-stressed areas, where multiple users compete for limited supplies. Globally, cotton covers just 2.4% of the world’s cultivated land but uses 6% of the world’s pesticides and 16% of insecticides — more than any other single major crop.

At the same time, there are grounds for optimism, with growing interest in and adoption of nature-based solutions aimed at minimising harm while restoring and enhancing the environment. These include agroecology, climate resilient agriculture and regenerative agriculture.
2.5 Social & labour

The challenges for smallholder farmers and their communities are grave. Many smallholders do not yet earn an income that is adequate to fund a decent standard of living for all household members once farm costs are covered – including safe housing, clean water, a nutritious diet, and access to healthcare and education.

The agricultural sector, including cotton, also struggles with gender-based inequalities and a continuing lack of decent working conditions – offering adequate pay, basic rights, safe working conditions and proper social protections. There can be no progress in sustainable production without addressing forced labour, the violation of indigenous land rights and the poor treatment of migrant workers wherever they occur.

In many countries, forced, indentured and child labour remains an issue in agriculture. Worldwide, 71% of all child labourers in the 5–17 age group work in agriculture, caused mainly by poverty together with limited access to quality education, inadequate agricultural technology and shortages of adult labour.

The response to these challenges marks a broader trend among sustainability initiatives in global commodities away from a sole focus on crop certification which often has little direct economic or social impact for smallholders. One of our Council Members referred to this as “the certification of poverty”.

Trade policy measures will do more to promote and protect human and labour rights e.g. EU trade policy and legislation, and the UN’s process to elaborate an international legally binding instrument to complement and go beyond the UN Guiding Principles on Business on Human Rights (UNGPs) of 2011. The continuing development of International Framework Agreements (IFA) will help ensure that companies adhere to the same standards in every country in which it operates.

20. FAO 2020
2.6 Technology

Technology developments can have positive impacts across the cotton supply chain. Agricultural mechanisation can continue to unlock significant gains in productivity, largely through process efficiency rather than intensified inputs.

Farmers in wealthier countries will increasingly use digital technologies to implement precision agriculture such as AI for temperature and moisture sensors, smart devices and machines driven by aerial imagery and GPS technology. ICT and mobile technology will help to improve the effectiveness of training for smallholder farmers and provide access to data and analytics to drive productivity improvements.

It will be essential however to ensure that the benefits of technology are fairly distributed and do not exacerbate existing gaps in wealth and capacity. For example, advanced connectivity infrastructure of some type is expected to cover roughly 80 percent of the world’s rural areas by 2030 but, on current projections, the glaring exception will be Africa where only a quarter of the area will be covered.

Technology will also affect the market for virgin cotton, with increased risk of substitution by man-made fibres. Innovations in new man-made alternatives to cotton are already being tested at small-scale and industrial viability is expected to improve. Innovations include the use of recycled PET for sportswear, cellulose-based fibres from waste products, artificial silk fibres and fibres produced from algae.

2.7 Implications for Better Cotton

Our trends analysis highlights six key strategic imperatives for Better Cotton:

Cotton focus
While cotton farming has some overlap with other fibres and agricultural products, Better Cotton must capitalise on its critical mass in cotton to tackle persistent challenges and drive the transformation of the sector.

Better Cotton need to embrace their leadership of the cotton sector. Someone has to and no-one is better placed than Better Cotton.

Retailer & Brand Member

Deeper impact
To ensure its continued relevance and broad-based stakeholder support, Better Cotton must achieve, measure and communicate tangible environmental, economic and social improvements at farm level.

The promise of improvement is not good enough anymore. Better Cotton needs to become more scientific and impact driven.

Retailer & Brand Member

21. FAO 2017
24. Ellen McArthur Foundation 2017
Climate change
Better Cotton must respond to stakeholder demands for greater focus on climate change adaptation and mitigation — with a specific emphasis on science-based targets for GHG reduction. Our climate change mitigation target will guide efforts under this area. Read more on page 27.

“Better Cotton is still an analogue organisation. It needs to take advantage of digital and the fourth industrial revolution.”
Retailer & Brand Member

Digitalisation
Better Cotton must digitalise from farm to retail and become more data-driven, to better serve and support farmers, retailers, brands and other supply chain actors and to facilitate collective action.

“Focus on collecting data, lots of it. Use this diverse and large data set to draw conclusions for the whole farm on what works and what doesn’t.”
Farmer

Collaboration
Better Cotton must deepen and expand its work with field-level partners, other agricultural standard systems, sustainability initiatives in cotton and cotton-growing areas, as well as human and labour rights specialists and investors in sustainable agriculture.

Adaptability
Careful monitoring, forecasting and responsive management will be vital to make appropriate short-term adjustments in pursuit of our long-term mission. 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 help bring about systemic change.
Core strategy
We are confident that cotton has a long-term future as a sustainable fibre choice, and that sustainable cotton farming can be a force for good in the face of climate change, water scarcity and pervasive poverty.

Figure 3: Better Cotton Core Strategy 2021–2030

<table>
<thead>
<tr>
<th>Vision</th>
<th>A world where all cotton farming is sustainable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission</td>
<td>To help cotton communities to survive and thrive, while protecting and restoring the environment</td>
</tr>
</tbody>
</table>

| Aims | Embed sustainable farming practices & policies | Enhance well-being & economic development | Drive global demand for sustainable cotton through the supply chain |
| Impacts | On cotton farms the soil is healthy. Land, water and other resources are managed for the good of the people and planet. | Cotton farming is economically viable for farmers and their communities, with good social conditions & decent quality of life. | Better Cotton is the preferred choice for both growers & buyers. |
| Focus Areas | Building local capacity & self-sufficiency | Creating new value & opportunities for farmers | Scaling Better Cotton production & procurement |
| Activities | Better Cotton Standard | Geographic Model | Farm Support & Services | Demand & Uptake | Brand & Communications |
| Operations | | Organisation | Financials |
| Principles | Impact driven | Farmer centric | Multi-stakeholder ethos | Continuous learning & improvement | System integrity & evidence | Pricing determined by the market |

Our Theory of Change underpinning this strategy recognises the interplay between supply and demand, as well as the crucial roles played by actors such as civil society, governments and academia. Better Cotton acts as an enabler, convener and connector – helping to create a supporting environment for sourcing, capacity building, service delivery, policy and advocacy.

Click [here](#) to find out more.
3.1 Vision & mission

Our Vision, which we share with many of stakeholders and partners, is of a world where all cotton farming is sustainable – environmentally, socially and economically.

Within this, Better Cotton’s specific mission is to help cotton communities survive and thrive, while protecting and restoring the environment.

Fulfilling our Mission means that cotton farmers get the knowledge and resources they need to farm sustainably and to be more self-sufficient.

They have access to the right technology, information and advice to improve farming practices market conditions.

Thanks to affordable bundled services and financing, they can improve their yields and profitability, with wider economic and social benefits for their communities.

They have greater visibility and influence in the cotton supply chain, and their cotton is both demanded and valued by retailers, brands and consumers seeking products from sustainable sources.

3.2 Strategic aims

Our Strategic Aims define the main challenges we will address, in partnership with others. Each has its own simple statement of Impact and a Focus Area for Better Cotton’s operations and resources.

**Embed sustainable farming practices & policies**

Sustainability in cotton farming is moving beyond mitigating environmental harm towards more regenerative whole-farm approaches, which have a net positive effect on factors such as soil health, carbon capture and biodiversity. Future work on our Standard and farmer support will reflect this.

Where and when appropriate, Better Cotton country programmes may progress towards national embedding – whereby national actors (cotton associations, local governments and/or extension services) progressively share or take over responsibility for enabling farmers to meet the Better Cotton Principles & Criteria in their country.

We will work with our partners to build greater capacity and self-sufficiency not only for farmers but also for farmer organisations and local institutions – with increased investment in influencing policy and practice to accelerate the transition. This will enable us to redeploy resources to other locations with acute needs.
Enhance wellbeing & economic development
Making cotton farming economically viable, particularly for smallholders, remains a huge challenge due to multiple factors including reduced landholding, extreme weather, input costs, soil health and fluctuating market prices.

Working with impact investors, local service providers and producer organisations, we will help smallholder farmers to access information, farm technology, bundled services and finance to drive farm-level improvements. We will also derive greater value from our assets, including our global farmer base, farming data and unique end-to-end supply chain data generated through the Better Cotton Platform.

We will strive to shift the economics of cotton farming and so improve the livelihoods and wellbeing of smallholder farmers and their communities.

This includes better working conditions, access to grievance and remediation channels and improved social conditions, such as the empowerment and inclusion of women.

We will strengthen our safeguarding processes so that our partners and farmers can work in safe environments that emphasise accountability, respect and integrity.

Drive global demand for sustainable cotton through the supply chain
We will further scale Better Cotton production by increasing the participation and yields of licensed smallholders and large farms, in both current and new Better Cotton countries, together with improved market access for producers.

This will be accompanied by actions to drive increased uptake of Better Cotton by retailers and brands, within and beyond our current core markets of apparel and household textiles, stronger linkages between sourcing and impact, new traceability offerings, and expanding membership.

We will address new market segments, including business-to-business and the public sector, and explore opportunities to extend demand for Better Cotton into a wider range of end uses. We will enhance our ability to capture and share more data, while building functionality to allow our members to track their use of other sustainable fibres. We will seek partnerships that enable us to contribute to improving social and environmental performance within supply chains.
3.3 Targets and indicators

Through this strategic phase, Better Cotton aims to deliver and demonstrate greater impact, meaning measurable change for the better that can deliver lasting economic, environmental and social benefits at farm level.

Setting measurable, meaningful, evidenced-based targets will be vital to focus Better Cotton’s efforts on delivering its desired outcomes and to drive continuous improvement in the practices of Better Cotton Farmers.

We are setting global targets in a selection of impact areas, which together will help drive progress across the holistic standard. We will continue to monitor farmer progress against all Principles & Criteria in order to inform how we can better facilitate positive changes at farm level across the environmental, social and economic requirements encapsulated by the standard. Targets form an important part of a balanced holistic approach aimed at continuously improving farmer practices and driving tangible impact.

Impact areas

We have identified five impact areas to act as the public-facing drivers of change: **climate change mitigation**, **soil health**, **pesticide use**, **smallholder livelihoods** and **women’s empowerment**. These have been selected through an extensive process involving desk research on global sustainability targets and a global hotspot analysis looking at key areas of concern for each Better Cotton country. In these five areas we are setting ambitious targets for the change to be delivered through Better Cotton production.

These impact areas are one part of an integrated package to drive greater Better Cotton impact. They will work alongside: local focus areas where sustainability hotspots will be addressed at a regional and national level, the on-going collection of Results Indicator Data from Better Cotton Farmers on a range of environmental, economic and social indicators, the ongoing implementation of the assurance programme and Climate Approach.

The implementation of the Better Cotton Standard System will retain its holistic nature, covering all the Principles & Criteria, in support of Better Cotton’s overall mission. Therefore, topics such as Integrated Pest Management (IPM), use of personal protective equipment (PPE), water stewardship, enhancing biodiversity, fibre quality and all aspects of decent work will continue to be a focus of Better Cotton’s activities alongside the impact areas.
Impact targets & indicators

Each impact area will have a 2030 target and will be accompanied by one or more associated indicators to monitor and measure progress. The indicator and target for the climate change impact area has already been developed while the rest are still in development. We will publish the remaining targets and indicators before the end of 2022.

Within the ten-year strategy timeframe, we will continue to review the targets as scientific, technological and regulatory advances could enable more rapid or deeper sustainability improvements to take place and/or lead to the prioritisation of newly defined improvement areas.

1. Climate change

Addressing the climate crisis is of utmost importance. Climate change is already impacting farmers around the world as extreme weather events caused by rising temperatures put crops and livelihoods at risk. At the same time, the agricultural sector contributes significantly to the crisis, responsible for approximately 12% of the world’s greenhouse gas (GHG) emissions.

Better Cotton is therefore setting the following target: Reduce GHG emissions per tonne of Better Cotton lint produced by 50% by 2030, from the 2017 baseline. This will be measured and reported in terms of t CO₂e/t Better Cotton lint. By supporting farmers to reduce GHG emissions associated with growing cotton, Better Cotton will be contributing to solving the climate crisis in collaboration with other actors in the fashion and textile sector.

The largest drivers of GHG emissions in cotton production are fertiliser production, the power used for irrigation, and fertiliser application. By implementing better agricultural practices that reduce synthetic nitrogen fertiliser use and improve soil management, farmers can increase yields, reduce their climate impact and see positive results for not only their farm but also their communities. In October 2021, we published the first-ever global quantification of GHGs of Better Cotton and comparable production. The report, conducted by Anthesis Group and using the Cool Farm Tool for the emissions quantification, analysed more than 200,000 farm assessments from three seasons (2015-16 to 2017-18) and found that on average Better Cotton production had a 19% lower emissions intensity per tonne of lint cotton than comparison production across China, India, Pakistan, Tajikistan and Turkey. This demonstrates that many Better Cotton Farmers are already optimising their use of synthetic fertilisers and irrigation water. As we set our ambitions higher for 2030, we aim to build on this progress and join other actors in the fashion and apparel sector, as well as business and political leaders around the world, taking climate action in line with the United Nation’s Sustainable Development Goal (SDG) 13.

25. Farmers operating in the same locations as Better Cotton farmers who are not participating in the Better Cotton programme.
2. Soil Health

Soil degradation is a huge issue globally. According to the Food and Agriculture Organization, approximately one third of the world's soils are degraded due to the ‘erosion, salinization, compaction, acidification and chemical pollution of soils.’ Healthy soils are critical to sustain plant and animal life as well as air and water quality. They can make environments more resilient to extreme climatic events such as droughts and floods, and they are also essential for a productive cotton crop. We know first-hand at Better Cotton that improved soil health can enhance productivity and yields, which also directly improves farmer incomes. Not only that, but many soil health management practices are also climate change mitigation measures. These measures stand to make a big impact when considering that global soils contain more carbon than vegetation and the atmosphere combined.

Our hotspot analysis highlights that poor soil health poses a risk in almost all countries where we work. As we continue to promote Better Cotton in communities around the world, we will work to embed sustainable farming practices and policies that actively promote soil health as well as water stewardship, carbon capture and biodiversity, which are all heavily interconnected. We will also explore new options for soil testing and soil re-carbonisation. By implementing a comprehensive Soil Management Plan as detailed in the Better Cotton Principles & Criteria, Better Cotton Farmers can improve the five main factors impacting soil health: soil structure, soil chemistry, organic matter content, soil biology and water infiltration, retention and movement through the soil profile. In doing so, they will be contributing to SDG 15 which calls for us to ‘protect, restore and promote sustainable use of terrestrial ecosystems’ so that we can safeguard one of the earth’s most valuable resources.
3. Pesticide use

Pesticides are the main form of crop protection used around the world. While they serve a vital purpose in controlling pests and ensuring yields, their negative consequences pose serious risks to the environment and farmers. In many farming contexts, especially smallholder farms, pesticides are greatly overused. This can cause serious health issues like cancer and neurological diseases, in addition to having long-lasting impacts on the environment, from polluting water sources to contaminating food supplies.

Addressing pesticide use in cotton production is especially important. Globally, cotton covers just 2.4% of the world’s cultivated land but uses 6% of the world’s pesticides and 16% of the world’s insecticides according to the Pesticide Action Network UK — more than any other single major crop. There are a number of Highly Hazardous Pesticides (HHPs) often used on cotton farms. HHPs are pesticides acknowledged to present particularly high levels of acute or chronic toxicity to health or environment according to internationally accepted classification systems such as the World Health Organisation and the Globally Harmonized System of Classification and Labeling of Chemicals. Through this impact area, Better Cotton aims to substantially reduce the volume of HHPs used by 2030. To do this, we will continue to raise awareness of the risks and promote Integrated Pest Management (IPM) methods which guide farmers to use non-chemical pest control methods, such as biopesticides or traps, as the first choice and conventional pesticides as a last resort. IPM is a key component of the Crop Protection requirements in the Better Cotton Standard. We are also looking at how we can better support farmers to access safer alternatives to HHPs and procure local seeds that can be more pest and disease resistant. This focus area aligns with SDG 3 which states that we should ‘ensure healthy lives and promote well-being for all at all ages.’
4. Smallholder livelihoods

The cotton sector directly supports the livelihoods of 350 million people – 250 million work in processing and 100 million farmers and cultivators. The vast majority of Better Cotton Farmers are smallholders as well, which is why improving their livelihoods and enabling a just transition to climate mitigation and adaptation actions will be a key impact area over the next ten years. In the Better Cotton context, smallholders are defined as those farming less than 20 hectares of cotton and who are not dependent on permanent hired labour. In addition to learning more sustainable agricultural practices and techniques, farmers and workers want to achieve a living income and living wages. Ultimately progress can only be achieved when we focus on addressing the expressed needs of smallholder communities.

To ramp up our efforts, we are conducting research to understand these farmer needs through a farmer centricity study launched in September 2020. We are also engaging in the Living Income Community of Practice. Through this alliance, we are talking to organisations to learn more about the living income gap in cotton and seeking to improve our own data collection and analysis. This will help us better understand the challenges and the opportunities that exist for Better Cotton to support smallholder farmers and farm workers to develop more robust income streams. By focusing our attention on a just transition, we can help smallholders become more resilient to climate change and fluctuations in the global cotton trade, while making strides towards achieving SDG 1 which calls for us to “end poverty in all its forms everywhere”.
5. Women’s empowerment

Throughout every impact area, women are critical to advancing progress, because a more sustainable future can only be achieved with gender equality. Women’s empowerment is an essential step on the pathway towards gender equality. This can be measured through the combined effect of changes in a woman’s agency, such as her knowledge, skills and abilities, the relationships through which she negotiates her path, and the structures, such as the societal norms, customs, institutions and policies, that shape her choices and life.

Creating a more gender-equal agricultural sector is crucial for women’s economic advancement; especially in countries like India, Pakistan and Mozambique where the agricultural sector is the primary source of employment for women. Gender mainstreaming is already an integral part of the Better Cotton Standard and Gender Strategy. By making women’s empowerment an impact area, we are going further to ensure that women’s voices are factored into Better Cotton policies, partnerships and programmes from the start and will be exploring new methods for increasing women’s representation in leadership and decision-making roles in cotton farming communities. This will allow us to accelerate impact across the spectrum of environmental, economic and social issues covered by the Better Cotton Principles & Criteria while contributing to SDG 5 which states that we should ‘achieve gender equality and empower all women and girls.’
Evolving Results Indicators Framework
All countries will continue to collect data on existing Results Indicators (RI) and, from 2022 they will be collecting data on a wider range of RIs as additional indicators from the Delta Framework are incorporated. As well as covering some similar indicators to those covered by the Better Cotton impact areas, the Delta indicators also cover a number of additional indicators including: irrigation water management, proportion of workers earning a legal minimum wage, and other new Decent Work indicators. The range of data Better Cotton collects on environmental, social and economic indicators will therefore be significantly increased.

Local Focus Areas
Individual Better Cotton projects will also have the opportunity to address sustainability hotspots on a more localised scale, as needed, through a Local Focus Area approach.

Collective impact
There are a number of cross cutting themes, that if acted on will magnify the impact of the five impact areas. For example, climate change mitigation encompasses the uptake of several agronomic practices linked to habitat and species conservation/regeneration such as cover cropping, mulching and crop residue management that can have a positive impact on conserving soil moisture and enhancing soil health, whilst simultaneously acting as a carbon sink. The impact area on soil health will also help to promote an increased level of biodiversity among soil organisms as well as enabling the soil to support increased biodiversity on the surrounding farmland. Soil health is important in smallholder livelihoods by ensuring food security through enhanced productivity and yields, fertility, nutritional quality of the food produced – which directly affects farm income.

Reducing the toxicity level of the pesticides used will positively impact soil health, water quality, and biodiversity by reducing the residual toxicity levels in soil and water run-off and allowing beneficial insects to thrive. Pesticide use has also been shown to be reduced through the proactive involvement of women in pesticide training activities, demonstrating the potential of the women’s empowerment impact area to unlock women’s potential to accelerate the adoption of more sustainable practices and improvement in livelihoods more generally.

This consequent improvement in livelihoods can help reduce child and forced labour, as households begin to step out, turning a profit on their farms and are able to pay farm workers to carry out tasks previously taken on by children or unpaid labourers.

These mutually reinforcing activities emphasise the holistic and interrelated functioning of the agricultural system Better Cotton is working to improve.

Ensuring the targets drive impact
Throughout the ten-year strategy, we will review the relevance and ambition of the targets as driving our efforts to deliver our mission. Such reviews will form part of a regular overarching review of strategy implementation and will enable us to take a flexible approach to designing and delivering against the targets. Within the strategy timeframe we are likely to see many scientific, technological, and regulatory advances that might enable more rapid or deeper sustainability improvements to take place and/or the prioritisation of newly defined critical improvement areas. We will therefore be developing a clearly defined review process to enable the incorporation of these improvements.
Getting smarter

Our future will be powered by data and delivered by our people, partners and farmers.

We will build systems to collect and use credible data, at scale, on farm-level impacts, partner performance, local risks and specific needs. Our systems will allow us to easily report externally to key stakeholders and to understand where our interventions are having an impact and where they aren’t.

We will work with external and internal experts to select meaningful measurable impact indicators for chosen locations and will establish baselines with scientific rigour. Our preparatory work will be informed by good practices from the past ten years and from the sustainability community to ensure we continue building on what works. We will publish regular progress reports, including assessments of implementation approaches and whether adjustments are needed.

These ten years carry with them a great deal of uncertainty. For each country and some administrative areas in which we operate, we will set milestones to regularly evaluate the relevance and value of chosen indicators to ensure we are addressing and prioritising critical improvement areas in pursuit of long-term sustainability.
Better Cotton/Morgan Ferrar, Ratane village, Mecuburi District, Mapula Province. 2019
The Better Cotton Standard will remain Better Cotton's principal instrument in setting the bar at the right level to transform cotton production.

Rigorous, transparent and multi-stakeholder standard revision processes will remain critical in finding the right balance between ambition and accessibility.

Over this strategy period, we will build an intelligent standard system powered by farm-level data.

Long-term evidence-based understanding of field-level impacts will transform all elements of the BCSS and will enable Better Cotton, our farmers and partners to make better decisions. This will build on Better Cotton's historical commitment to Results Indicator reporting but will require a step-change in the collection and use of more credible farm-level data at scale.

### Key developments 2021–30

- Make the Standard more farmer centric
- More focus on outcomes and continuous improvements
- More holistic approaches, both whole-farm and landscape-based
- Greater emphasis on social and labour, including decent work and safeguarding
- Technology solutions to digitalise processes and improve data quality
- New tools and data for IPs and farmers
- Improved impact reporting
4.1 Standard evolution

We will evolve the Standard to become more relevant for farmers, deliver significant and measurable impacts, and respond to trends in agroecology and landscape approaches.

Specifically, we will:

**Increase the farmer-centricity of the Standard**
Future versions of the Standard will prioritise issues that deliver short or mid-term benefits for farmers, along with those that focus on broader sustainability issues. Decent Work issues at farm level will be a greater priority, with a focus on health and safety and new strategies to better identify, prevent, mitigate and remediate forced labour and other violations. Farmer and farm worker voices will be well represented in future revision processes for the Standard.

**Shift towards outcome-based indicators & verification**
Improved farm-level data will allow us to explore the benefits of shifting, where appropriate, from practice-based requirements to outcome-based indicators – especially for producers who have been participating with Better Cotton for some time. Re-focusing on outcomes will drive innovation in field-level practice by encouraging IPs or local experts to test out novel approaches, in areas such as water management, soil health, biodiversity or pesticide reduction. This will also help to ensure that the BCSS delivers its intended impact at farm level and that licenses to sell Better Cotton are based on demonstrated sustainability improvements.

**Reinforce continuous improvement**
Future versions of the Standard will formalise the commitment to continuous improvement as a fundamental element of achieving a licence to sell Better Cotton. Working with national stakeholder councils, we will consider setting locally relevant continuous improvement targets at the regional level.

**Address holistic farming systems beyond cotton**
Although cotton will remain Better Cotton’s overall focus in the next decade, more flexibility may be needed in the Principles & Criteria to encompass farming practices more broadly and to help farmers adapt to climate change. Most Better Cotton farmers plant a variety of crops and so management practices around water usage, worker conditions and biodiversity could be broadened to cover farming approaches in general.

**Incorporate jurisdictional/landscape approaches**
Leading practice around standards and certification is moving in some areas towards resource management across diverse agricultural crops. A landscape approach addresses issues that extend beyond the farm gates, such as inputs, water management, labour practices, climate change response, soil management, biodiversity etc. Better Cotton is already exploring how this approach might be integrated into the Better Cotton Standard System, especially given our ability to deliver large scale field-level projects through our networks of IPs.

**Collaborate & align with other sustainability standards & initiatives**
Individual crop initiatives have largely worked in isolation from each other, while standards and initiatives focused on farm-level improvements have remained somewhat distant from initiatives looking at trade, supply chains and manufacturing. We will seek new partnerships to drive systemic change that favours improved livelihoods and environmental conditions in and around farming communities – without expanding the scope of the BCSS or our direct remit.
4.2 Assurance model

Better Cotton will continue to strengthen and evolve its innovative assurance model, balancing rigour with cost-efficiency and scale. Over the next ten years, we will prioritise the following:

Assessment 2.0
We will upgrade our assessment approach, incorporating new tools, methodologies and datasets. We will explore how to collate different sources of information to improve the rigour and scalability of verification.

This may include:

- Broader use of ‘landscape-level’ verification, in line with potential changes to the Principles & Criteria around landscape management of resources. This could include, for example, better use of satellite or external data sources to help assess compliance.

- Greater use of remote verification or document checks to improve scalability and cost-efficiency

- More emphasis on field-level results and outcomes, e.g. validating actual water use reductions (rather than checking the existence of a water stewardship plan)

- Exploring the value of focused assessments on topics such as Decent Work or pesticide usage, carried out at a project level by experts, with a focus on worker interviews and community information

- New technologies for worker/farmer feedback tools to provide additional information on field practices, decent work and forced labour risks, worker complaints or labour violations, etc.

Greater focus on worker feedback, grievance mechanisms & remediation
We will promote worker voices through engagement with worker representative structures at local, national or international levels, as appropriate. We will support the development or expansion of effective and accessible grievance mechanisms for farm workers, including safeguarding and whistleblowing processes, and ensure that victims of labour violations have secure access to remedy. This will require strong partnerships with civil society, trade unions and local grassroots organisations, along with increased awareness and support amongst IPs and field staff.

End-to-end digital systems, with IPs as key users
We will prioritise investment in the enabling ecosystem of our work to create the bedrock for the long-term support of our work with farmers. We will automate the entire producer management and licensing workflow, from initial producer information before sowing to end-of-season licence communication. This will help expand our assurance activities to more partners and locations, reduce manual entry of data and improve data quality. We will also develop a portal that will allow IPs to enter and manage their Producer Units (PUs) and project data, stay informed of deadlines and input key assurance activities – with the potential to add new applications such as tablet-based auditing tools.

Understanding of system performance & risk
Digitalisation of assurance processes will allow us to share information with partners and farmers in usable formats so they can identify strengths and address gaps. Online audit tools will allow us to analyse and calibrate findings across verifiers or regions – greatly improving our global consistency and helping to remotely monitor verifier performance. Analysing risk areas from self-assessments and verification activities and external data sets will help to identify and respond to hotspot issues, such as risks of labour violations or high levels of hazardous pesticides.
New tools to identify & engage with Better Cotton farmers
We will develop and test new tools to better facilitate farmer engagement and evaluate outcomes over time. These could include digital farmer lists and ID cards, which will give us greater confidence in the accuracy of our farmer datasets. These tools will help ensure that farmer voices and interests are represented across all elements of the Better Cotton programme – capturing farmer feedback on training, farmer input during assurance assessments and collecting field-level outcome data.

Investment in people: better systems to recruit & manage qualified assessors
The quality of Better Cotton’s assurance model relies on competent assessors with a strong knowledge of cotton production practices, sustainability issues, labour and decent work issues, and local context. We will strengthen our verifier network, focusing on high-performing individuals and organisations regionally and locally – with new training approaches combining virtual, in-person and field-level learning. We will also develop and roll out a more formalised system to monitor assessor performance over time and ensure that gaps are addressed through effective action plans. We will establish specific competencies around Decent Work assessors and will create market pressure so that over time, verification organisations also invest more in hiring and training specialist labour experts.

Regionalised assurance model
Better Cotton’s current approach – with a central team of assurance managers in Europe responsible for licensing decisions – could create a bottleneck on future expansion. It also has limitations around local language and context. Better Cotton will explore alternative models including Regional or Country-level Assurance Managers or hubs, operating as a virtual team under close collaboration with the central assurance function. Appropriate checks and balances will be built into this system.
4.3 Monitoring, evaluation & learning (MEL)

The methods and outputs of Better Cotton’s MEL programme will continue to evolve, as new investments in technology and people strengthen our capabilities to analyse data and share knowledge.

Significant development areas include:

**Demonstration of impact**
We will focus on collecting, analysing and reporting credible, longitudinal data on farm-level outcomes that track performance against our 2030 targets and help us understand strengths and gaps. We will develop our M&E framework to better capture the effectiveness and efficiency of our capacity building programmes to better understand the causal relationship between interventions and results and to identify who is performing best and why. This will help to strengthen our interventions and ultimately our claims on impact.

**Leverage the power of farm-level results data**
We will strengthen our data collection and validation methodologies. We will revamp our collection requirements, invest in appropriate technology and enhance our data management systems to ensure greater transparency, reliability and credibility. We will commission third-party data collection and/or validation as appropriate to ensure our datasets stand up to scrutiny.

**Value-added intelligence for farmers & partners**
Information on farm-level performance and assurance outcomes will be shared with our partners and farmers, increasingly on a real-time basis. This will equip them and Better Cotton’s country teams with the knowledge to make smart, timely decisions and to prioritise key areas for capacity building and intervention. We and our partners will be able to pinpoint where farmers are achieving positive results and replicate successful approaches.

**Refine Better Cotton’s Theory of Change**
Better Cotton’s MEL programme will continuously test our Theory of Change and feedback that learning to all relevant Better Cotton teams and stakeholders. A strong feedback loop is critical to enable programmatic adjustments and investments. We will begin a comprehensive review of the Theory of Change in 2021 to ensure it reflects our 2030 ambitions and plans, after which we will translate it into a new M&E ten-year framework.
Geographic presence

Better Cotton Morgan Farm, Ratane village, Mecuburi District, Nampula Province. 2019
We will allocate Better Cotton resources to countries where the impact on sustainable farming can be most profound, while ensuring that other countries can participate in the Better Cotton programme if they meet our conditions and criteria.

Better Cotton’s geographical footprint in the 2019-20 season is illustrated in the graphic on the next page, including farmer numbers by country. These are mainly smallholders but also include large, mechanised farms (465 of which produce around two-thirds of all Better Cotton).

Key developments 2021–30

- Invest additional resource in countries where potential impact is greatest
- Make transparent and apply strict criteria for new country applicants
- Develop an alternative model for third-parties to run Better Cotton-compliant programmes
- Grow capabilities and investment to accelerate national embedding
Licensed Better Cotton Farmers
2.4 million

Figure 4: Better Cotton Global Presence 2021
New figures are released every year in the Annual Report.
Better Cotton operates two types of country programmes to optimise reach and impact, while responding to differing production systems.

We work in some countries by direct licensing of Better Cotton production under the BCSS. In 2019/20 the direct countries were China, India, Kazakhstan, Mali, Pakistan, Tajikistan, Turkey, USA, Madagascar, Mozambique and South Africa.

We also work with other countries through benchmarking, which recognises cotton produced under other national or regional sustainability standard systems as equivalent to Better Cotton. In 2019/20 the benchmarked countries were Australia (myBMP standard), Brazil (ABR standard), Israel (ICPSS), Benin, Burkina Faso, Cameroon, Cote d’Ivoire, Ghana, Nigeria, Tanzania, Uganda and Zambia (AbTF standards CmiA or SCS).

5.1 Geographic strategy

We will continue to work mainly in the countries where we are currently active.

Better Cotton direct country programmes have prioritised the world’s largest cotton-producing countries, those which have large numbers of smallholder farmers and those which are important strategic sources of supply for Better Cotton’s retailer and brand members.

In addition, we will develop and implement a new engagement strategy for countries across Africa. While volumes of cotton produced may not be that high or that central to global markets, cotton is a critical generator of household income in many African countries and, as such, central to our mission.

We will however only engage in new direct countries as part of a clear national plan, ideally led by well-resourced national partners. We may also add other new Better Cotton benchmarked countries if appropriate national standards and partners emerge.

We will balance country interest in Better Cotton with effective delivery in two ways:

**Evaluate all Better Cotton countries against key criteria**

Taking account of sustainability trends, stakeholder demands and Better Cotton’s own strategic priorities, all Better Cotton countries – current or prospective – will be (re) assessed against a broader set of criteria, including:

- Demonstrable need for environmental, social and/or economic improvements in cotton farming
- Evidence of supply chain demand for more sustainable cotton from specific locations
- Scale of cotton production
- Potential to grow the Better Cotton programme
- Shared vision for continuous improvement among key stakeholders
- Clear pathway towards national adoption of sustainable farming practices and policies
- Enabling environment, including (for example) well-functioning institutions, the rule of law, adequate protection of worker and citizen rights, no state-imposed forced labour
- Potential for long-term financial support, with increasing levels of in-country funding from local governments, funders and/or companies
Develop a robust alternative to direct Better Cotton investment
We are seeing growing interest from national actors, retailers and brands in introducing the BCSS to new countries that are of particular interest to them – for sourcing and/or field-level impact – but which do not fit Better Cotton’s country prioritisation. For these cases, we will develop a robust model which allows designated partners to implement Better Cotton country programmes on a self-managed basis, on condition of secure long-term funding, compliance with a clear set of implementing principles and constraints and appropriate safeguards and credibility.

5.2 National embedding
Better Cotton’s long-term goals for any country can include partial or (where possible) full national embedding and ownership. We will continue engaging certain national governments and other local actors (such as extension services or farmer organisations) to a point where responsibility for supporting and promoting sustainable cotton farming is effectively transferred over to them.

National embedding should ultimately enable Better Cotton to re-allocate resources to other locations which are at an earlier stage in their sustainability journey. It requires development of a roadmap and demonstrable progress across four key areas:

- Multi-stakeholder engagement, leadership and ownership
- A policy, regulatory and incentives framework which facilitates implementation of the BCSS
- Effective, wide-scale implementation of the Better Cotton Standard (or its equivalent)
- National institutions implementing the Standard (or its equivalent) that are not financially dependent on Better Cotton or the GIF

During this Transformation phase, we will:

Accelerate the formation of National Stakeholder Councils
We will encourage partners and supply chain members to establish and convene National Stakeholder Councils in countries with a significant current or planned future Better Cotton presence. We will work with IPs to set up farmer leadership councils, to promote better agricultural practices peer-to-peer and to ensure that farmers’ voices are fully heard.

Pilot strategic engagement with governments in select locations
In order to gauge our ability to meaningfully impact national sustainability policy and practices, we will pilot strategic engagement with governments in 2–3 geographies, investing senior staff time and external support from key influencers. Success factors may include improvements in government investments, the quality and quantity of service delivery, and return on investment for Better Cotton people and resources.

Support IPs’ own engagement with policymakers & extension services
We will expand our work with IPs to support their engagement with relevant local government departments, extension services and research institutes, including joint projects such as biological controls, value added enterprises and high-density trials.
Support for farmers
Farmers are at the heart of Better Cotton and will be the focus of our work throughout this period in which we will expand and deepen our capacity and building and services.

We start from a global base of 2.75 million farmers by 2020, which represents a 60-fold increase in the ten years since inception.

Better Cotton provides support to farmers through a lifecycle, as illustrated in Fig 5.

Initial activities include co-opting them and setting the structures for them to participate in the BCSS. From there, we provide a series of foundational trainings and support to bring up everyone up to a level from which they can improve further. Once that change is embedded, Better Cotton is committed to trialling new approaches and bundled services to equip farmers to lead and drive their own continuous improvement going forwards.

Over the next strategy cycle, we will continue to expand the number of farmers receiving foundational training, while significantly increasing our average field investment per farmer to facilitate deeper change. This marks a shift from incremental change at scale to impact at scale.

---

26. Better Cotton Data Snapshot, Q3 2019/20 Final
6.1 Productive partnerships

While we are encouraged by the successes of our IPs and farmers, there is much more to do to better the livelihoods of cotton farmers and workers and to protect and restore the environment in and around their farms.

We work on a cascade model through a global network of around 65 partners with the requisite field-level reach and expertise. Our wide variety of IPs includes NGOs, supply chain actors and government bodies.

The annual Better Cotton Farmer Results, evolving this year to the Impact Report, provide an overview of the benefits that Better Cotton Farmers are experiencing from these partnerships. The results show social, environmental and economic benefits of our programmes in key countries. For our latest stories from the field, click here

Our Better Cotton partnership model has enabled us to scale rapidly and positions us to achieve deeper and enduring outcomes at farm level, particularly for smallholders. In this next Transformation phase, the key will be to leverage these partnerships in new ways for deepening impact.

We will build on what has worked (and what hasn’t) in a spirit of collaboration based on the best available science, technology, training, monitoring, evaluation and learning. The first step will be to ensure partners are set up for success. In 2021/22, we will review and refine our partnership model:

Figure 5: Better Cotton Farmer support model
**Partner selection & evaluation**
We will become more rigorous and prescriptive on selection criteria and performance evaluation for different kinds of IPs and strengthen our oversight of IPs both globally and locally. Both current and new IPs will need to demonstrate adoption of sustainable farming practices through their programmes and that proper incentive structures are in place to drive effective capacity building, which could drive measurable progress in areas such as farm profitability.

**Partner development**
Our partnerships will expand to bring in needed global, national and local expertise as we do more to strengthen our contributions in human and labour rights, advance our technical and IT systems and resources, and collaborate with impact investors whose financial support could be transformative for many farmers.

We will favour those partners which generate the greatest impact for farmers and farming communities, and those which foster innovation. We will pro-actively promote sharing of approaches between partners to ensure good practices are replicated where appropriate. We will also be looking for IPs who can collaborate effectively with government extension services and ultimately transfer capabilities and responsibilities to local institutions.

**6.2 Training & capacity building**

*Our farmer training and capacity building work will remain fundamental to our Mission.*

Learning from the experience that we and our IPs have gained over the past decade, we will continue to invest in enhancements to our training tools and methodologies, with technology and data playing a growing role. We will keep up this essential work while progressing the content in line with the evolution of the Standard.

**Farmer-centric programme design**
Together with our IPs, we will use participatory programme design based on farmer consultation and formalised through ethnographic research, to design our capacity building so that it serves farmers’ needs more directly. Principles of user-centred programming and service design, underpinned by IT support, will ensure that capacity building and data collection design are based on the expressed needs of farming communities.

**Farm-level resilience to climate change**
Climate change already impacts vulnerable farming communities the world over. By embracing concepts such as whole farm, agroecological and landscape approaches, we can help farmers to better manage critical resources such as soil and water and to cope better with climatic variations and extremes. We will work with partners to assess new financing mechanisms to deliver more resilient supply chains in the face of increasing environmental challenges. We will drive progress on climate change through a specific Climate Approach addressing both mitigation and adaptation whilst recognising the need for a just transition.
Tackling inequality within communities
Sustainably produced cotton requires consideration of how the intersections of gender, caste, race, religion and other identities and sources of discrimination combine and overlap. We will aim to tackle systemic inequalities and unequal gender relations to promote shared power, control of resources, decision-making and support for women’s empowerment. In partnership with our funders and our IPs, we will continue to build on targeted gender-sensitization trainings and workshops to strengthen participation, empower and integrate women co-farmers as decision-makers in the farm system.

Graduated training
We will develop a graduated approach to the Better Cotton capacity building programmes. This will be additional to the essential reinforcement provided by yearly repeat of the same core training, focused on the Better Cotton Principles & Criteria. This will stimulate further behavioural change and continuous improvement for those farmers who have already embedded basic practices.

Blended training
We will develop blended training with locally customised (digital) learning tools linked to demonstration plots. Person-to-person training and demonstrations in the field have proven to be irreplaceable in changing farm-level practices and mindsets. We will build on our current mix of study tours, face-to-face training and communications tools and increase the use of offline methods, such as demonstration plots, in combination with customised digital or other tech learning solutions as a key driver of change.

Use of technology
To ensure smallholders are not left behind in the widening digital divide, we will connect our farming communities with transferable technologies. Here we will co-opt external innovation – including radio, social media and video sharing platforms, cartoons, blended training methods and more. Once piloted, these will be scaled to contexts with comparable farmer needs and profiles.

By using technologies, such as AI and apps, differently, it may be possible to deliver an increasing proportion of capacity building activities with little or no involvement from traditional IPs. We will therefore explore collaboration with organisations already working in this field.
6.3 Farmer services & support

We will do more to make cotton farming economically viable – particularly for smallholder farmers, their families and their communities.

Millions of farmers now stand to benefit from favourable trends in farm tech and affordable bundled services and finance, shared farming data and best practice, and by leveraging Better Cotton’s reach and influence through its partners and wider network.

We will create new value and opportunities for farmers in several ways:

Field Facilitators & Lead Farmers
The 6,000 field facilitators traveling to villages to train farmers are the beating heart of Better Cotton farmer support. We will work to ensure minimum qualifications with decent pay and incentives for them and explore opportunities to look to elevate the status of Lead Farmers, who often play a transformative, un-remunerated role as influencers and peer educators in the Better Cotton system.

Solution hub
We will develop a new Sustainable Cotton Solution Hub to unlock value through the sharing of knowledge, data and best practices between stakeholder groups and locations. This hub will also accelerate the digitalisation of training content and delivery to complement offline methods – including customised tools for field facilitators, lead farmers and other training actors to better equip them to fulfil their role as key influencers in the Better Cotton system.

Connect farmers with services & finance
Better Cotton and its partners will facilitate access for Better Cotton farmers to available government-sponsored, private sector and donor-funded programmes and services. We will help them access government initiatives and service provider networks – including micro-finance solutions, equipment leasing, farm tech, agricultural inputs and household needs, such as solar electricity, lighting and sanitation.

Strengthen farmer co-operation & organisation
Upstream, farmer organisations can facilitate improved and cheaper access to individual or bundled services from third parties and/or play a role in their delivery. Downstream, farmer organisations can empower farmers’ direct negotiations with ginners instead of through brokers and middlemen, enabling farmers to meet and benefit from increased demand of Better Cotton. Where possible, we will equip farmers with new skills in group dynamics, leadership and contract negotiation.

Improve supply chain connectivity through IPs
Farmers need functioning and viable market linkages. Brokering relationships and networks between farmers and supply chain actors will therefore become a core function of capacity building. We will also work to connect the growing supply of licensed Better Cotton to the supply chain and to strengthen demand at gin level.
Facilitate advances in actionable farm-level data
We will equip IPs with producer data in a regular, timely and actionable format – enabling them to focus their efforts on targeted activities that deliver greater value to farmers and the environment. We will explore opportunities to provide partners and farmers with the data management tools that they need to provide actionable localised data.

Direct engagement with & between farmers
Managed access to farmer groups in specific locations will also be of value to some retailers, brands and funders. To complement the IP farmer interface, we will explore the development of digital platforms and channels for Better Cotton to engage and communicate with farmers directly, and to enable farmers to connect and share with each other. This may ultimately include a direct Better Cotton farmer portal for use by farmers, field facilitators and IPs.
Generating demand

Better Cotton/Khula, Muzaffargarh, Punjab, Pakistan. 2018
We will continue to drive demand for Better Cotton.

Better Cotton has already made significant progress in stimulating demand and fostering uptake of Better Cotton. In 2020, Better Cotton’s Retailer and Brand Members collectively sourced more than 1.7 million MT of cotton as Better Cotton. This accounted for 6.5% of global cotton production and represented more than 13% increase on 2018.  

Manufacturers, brands and retailers will increasingly need to demonstrate they have adopted strict sustainability policies and practices in sourcing and throughout their supply chains. For companies in the fashion sector in 2020, for example, sustainable sourcing ranked second in importance after customer satisfaction.  

Our members are looking to us for alternative traceability solutions to mass balance - enabling them to tell consumers about the provenance and sustainability of the cotton in their products. We will explore building a Better Cotton traceability solution.  

We will continue to build upon the success of The Better Cotton Platform (BCP), our online system used by more than 10,000 ginners, traders, spinners, fabric mills, garment and end-product manufacturers, sourcing agents, retailers and brands to electronically document transactions in volumes of cotton sourced as Better Cotton as they pass through the supply chain.

---

28. Economist Intelligence Unit, October 2020
7.1 Better Cotton uptake

Better Cotton must focus its efforts on scaling supply and demand, both at the beginning and end of the supply chain.

Although we cannot meaningfully intervene elsewhere in the supply chain, there is much we can do to facilitate the uptake of Better Cotton.

We will therefore:

**Develop a full range of traceability options, alongside mass balance**
We anticipate increasing consumer demand for greater transparency in how retailers and brands source their raw materials with specific concerns around human rights and environmental issues. These concerns are set to develop through the decade, driving demand for greater traceability. We will work with our members and technology providers to develop a range of options, including viable and fit-for-purpose solutions, facilitating access for new sectors, countries and markets. We will also ensure the credibility of our system by taking steps to eliminate inaccurate or unsubstantiated claims.

**Improve the integrity of our chain of custody**
The growth of the Better Cotton programme, plus the potential for stakeholders to make stronger sustainability claims, means greater possibility of – and incentives for – fraud within the chain of custody. We will develop a new chain of custody assurance model and techniques that will more effectively target the areas of highest risk, incorporating a combination of approaches to supply chain monitoring and authentication, by using data and new technologies. This will enable identification and resolution of issues in real time and protect the integrity of Better Cotton supply chains and resulting claims.

7.2 Member engagement & benefits

**Enable stronger sustainability claims**
Our Claims Framework enables retailers and brands to promote their sustainable sourcing efforts, and interest in sustainability messaging will continue to grow – including from consumers. Better Cotton’s increased farmer centricity and focus on measurable impact will underpin more compelling, evidenced-based storytelling, with less risk for both us and our members of ‘greenwashing’. New traceability methods will also allow retailers and brands to make sustainability claims about Better Cotton content in their products.

**Provide added value data & knowledge**
As volumes grow, BCP data will become an increasingly valuable resource for members, including supply chain mapping and supporting sustainable sourcing claims. While Better Cotton will not be responsible for checking social and environmental compliance in the supply chain, it will use available data and new technology to support members’ due diligence efforts. We will provide opportunities for learning, knowledge sharing and peer engagement.

**Make Better Cotton systems user-friendly**
We will review and, where necessary, re-engineer our systems to ensure they are user-friendly to support on-boarding of thousands more members and BCP suppliers. Members will have access to a one-stop shop portal to understand Better Cotton requirements, track uptake and payments, and submit claims for approval. We will explore integrating member IT systems with the BCP to decrease manual data management. This will promote uptake and reduce pressure on the Better Cotton teams to give continuous user support.
Influencing change
These ten years will require a step change in the way we manage Better Cotton’s brand assets, reputation and communications, as well as the way we equip our members (particularly retailers and brands) to communicate their own involvement with Better Cotton to their customers and consumers.

Better Cotton’s scale and reach has made us a leader within the sector and one of the most successful sustainability standard initiatives globally. But until now, we have not sought actively to build a wider profile for Better Cotton or awareness of Better Cotton beyond our members, partners and key stakeholders. We have been slow to embrace our leadership position, as well as ill-prepared to respond to reputational threats.

### Key developments 2021–30

- **Embracing our leadership position in cotton & sustainability**
- **Enabling more evidenced-based communication of impact**
- **Developing consumer-facing branding & claims for Better Cotton**
- **More active promotion of Better Cotton to new members, markets & stakeholders**
- **Strengthening resources in media & crisis management**
- **Developing new capabilities in influencing and public affairs**
8.1 Influencing

To achieve our goal of national embedding in select countries and to assert a leadership position globally, Better Cotton needs to increase its investment in influencing.

Specifically, we will:

**Leverage Better Cotton’s global partner network**
Many of our stakeholders and partners are global or international organisations, with their own networks and spheres of influence. Better Cotton has reached the scale to work with these organisations to expand its sphere of influence into the global policy arena. Better Cotton will seek to participate in influential policy networks, conferences and meetings, and engage through dedicated advisory and advocacy support with national governments, the EU, international development banks and UN organisations.

**Create new levers on demand & uptake**
Where possible, Better Cotton will work with members, IPs and civil society organisations to encourage governments and regulators to create the right incentives, levers and penalties to accelerate sustainable production and consumption as well as change practices in public procurement. We will also engage directly with investors, banks and organisations that advocate responsible investment, promoting the inclusion of Better Cotton in their investment criteria.
Organisation & people

Better Cotton/Khaula Jamil, Location: Rahim Yar Khan, Punjab, Pakistan. 2019
Although our organisational model has served us well to date, we will need to evolve to achieve our ambitions for 2030.

Better Cotton has grown rapidly over the eight years to 2020 to employ over 100 people between our regional/country teams and our central coordination and support functions in Europe.

Better Cotton’s current structure comprises core functions for Programme Implementation Standards & Assurance, Membership & Supply Chain and Data & Traceability, with central shared services for Finance & Operations, Communications and Fundraising. We additionally have devolved country management and teams in three focus countries – China, India and Pakistan – with local capabilities and responsibilities for membership, capacity building and assurance.

During the next Transformation phase, most of the increases in headcount will be local, to strengthen in-country programmes, partnerships and management. We also need to invest in new capabilities (especially in technology, data and analytics) to drive efficiency and productivity gains – and eventually generate new revenue streams. These changes will allow Better Cotton's Secretariat functions to remain lean and improve collaboration between different functions and locations.

9.1 Oversight & governance

Better Cotton will remain a multi-stakeholder initiative, with broad-based and diverse stakeholder participation in our governance, strategy, Standard management and revisions, and implementation.

Success in meeting our 2030 Strategic Aims will require Better Cotton to continually strengthen its systems, its governance and leadership in the design, implementation and improvement of the Better Cotton Standard System (BCSS).

The Principles & Criteria (P&C) which are at the heart of the BCSS will continue to be periodically reviewed and revised by the Better Cotton Steering Committee, which comprises experts from each of Better Cotton’s Membership Categories who meet several times to offer technical advice and expertise towards the revision of the Standard which is informed by formal consultation with a wide range of stakeholders.

Revisions to the P&C will continue to be approved on behalf of Members by the Council which serves as the governing body of the organisation, combining elected representatives of each membership category and individuals appointed for the skills and experience which they bring to policymaking, strategic direction and oversight.

The Council appoints the Chief Executive who, together with a highly qualified Leadership Team, will plan and ensure that Better Cotton continues to deliver on its strategic aims. We will continue to look for, recruit and retain the best qualified people to meet the challenges of this strategic direction.
Investment
Successful transformation of the cotton sector will require a huge increase in investment by governments, donors and the private sector, to help us take Better Cotton from a 25% share of global cotton in 2020 to 65% by 2030.

Better Cotton’s operations are funded principally by membership fees. Non-member supply chain actors pay an annual fee to participate in Better Cotton’s chain of custody through the Better Cotton Platform (BCP).

Retailer and brand members also pay volume-based fees (VBF), levied on every metric tonne of cotton procured, to fund capacity building for farmers and certification and assurance by Better Cotton, through the Growth & Innovation Fund (GIF). Government agencies and other funders also contribute to the GIF. Better Cotton has also raised some restricted donor funding for specific projects and activities outside of the GIF.

This model enables Better Cotton to be financially self-sustaining, with a growing proportion of the revenue going directly to capacity building and change on the ground.

Better Cotton’s focus on smallholder farmers means that we operate in countries where national institutions and governance can be weak, and corruption can be a factor. We will continue to steward our investors’ funds responsibly, with rigorous programme and project oversight and prudent management of our own costs, both globally and locally.

10.1 Funding for farmers

We aim to grow Better Cotton’s field-level investment five-fold over the next decade, compared with our first decade of operation. The principal vehicle for this will be Better Cotton’s Growth & Innovation Fund, alongside a parallel drive for impact investor and partner contributions to bring cumulative total investment of €1 billion by 2030.

Growth & Innovation Fund

The Better Cotton Growth & Innovation Fund (GIF) has been the primary vehicle through which Better Cotton funds its capacity building and other field-level activities with farmers – raising cumulative funding of EUR 99 million since 2010. IDH, the Sustainable Trade Initiative, is the official Fund Manager and an important funder.

The Fund enables Better Cotton retail and brand members to support field-level programmes in a joined-up way and without adding costs into the supply chain. The Fund also invites global institutional donors and government agencies to match the fees contributed by the private sector. It provides annual funding to farmer capacity building and innovation projects to help farmers adopt practices consistent with the Better Cotton Standard and improve their sustainability performance.

To date, the Fund has focused on China, India and Pakistan, which together account for 13.3% of all cotton and nearly half of global Better Cotton production. The GIF also supports other direct country programmes, for example in Turkey, Mali and Mozambique.

29. ICAC based on 2019/20 production forecast
30. Better Cotton Data Snapshot, Q3 2019/20 Final
We will continue to develop the Fund, based on its established funding model and proven efficacy.

**Impact investment**
Increasingly we will look beyond grant funding for capacity building via the Fund for additional investment to accelerate farm-level innovation and technical support. Working globally and in key locations, we expect to grow a new line of donor funding significantly as donors shift towards impact investing and blended finance projects.

Impact investing was already worth over $500bn in 2020 and is growing rapidly. It offers an attractive alternative to the traditional aid and development model – enabling both private and public sector funders to tackle some of world’s most pressing challenges in sustainable agriculture, renewable energy and conservation. Impact investment vehicles are structured to generate positive, measurable social and environmental impact alongside a financial return at or below market rate, depending on investors’ strategic goals and payback terms.

Better Cotton’s impact investing proposition will focus initially on pilots with target communities to see what can be achieved when farmers are provided with bundled services. Impact funding could ultimately be the most effective means to drive farmer graduation and self-sufficiency.

### 10.2 Membership fees

We will seek to protect and grow our membership revenue by improving our value delivery to members – through smarter allocation of internal resources, service enhancements, stronger sustainability claims and demonstrable field-level impact.

Like other MSIs, Better Cotton charges membership fees to retailers and brands, suppliers and manufacturers, and other categories such as civil society organisations. Companies pay according to a fee scale reflecting the size of their business and – for retailers and brands – the volume of cotton they procure annually.

Over these ten years, we anticipate some downward price pressure from retailer and brand members, due to financial difficulties, reductions in the portfolio of sustainability initiatives they support and/or broader moves away from certification.

We expect however that any potential decline in membership fees from current members will be more than offset by growth in membership numbers, including outstanding North American and European retailers and brands, non-traditional retailers (such as online marketplaces and fashion aggregators), Asian, African and Latin American brands and private and public sector procurement beyond apparel.

---

10.3 BCP & traceability

We will increase revenue earned through the Better Cotton Platform.

The BCP allows supply chain actors to participate electronically 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 cotton-containing sales to customers.

Given the scale of Better Cotton’s geographic footprint and share of worldwide cotton production, the BCP provides a unique snapshot of the global supply chain. It is currently a critical but under-used asset from which we can derive significantly greater value, both ourselves and through partnerships. An early priority will be to review the current system of flat fees for access, with a likely shift to variable charges based on volume/frequency of use.

10.4 Other earned income

There is considerable scope to increase earned income outside of membership or BCP fees.

Revenue from other sources has been very modest, mainly from Better Cotton events and training. Moving forward, we anticipate two further revenue streams – from traceability options (see 5.2 above) and from data.

By enhancing our capabilities in data collection and analytics, we can better monetise the data we already hold as well as new data from field, supply chain and other activities. Potential customers include Better Cotton Members, non-member BCP suppliers, civil society, donors/investors, academic institutions and government agencies.
Annex #1: Glossary
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABR</td>
<td>Responsible Brazilian Cotton</td>
<td>Cotton produced in accordance with sustainability standard of the Brazilian Cotton Growers Association</td>
</tr>
<tr>
<td>AbTF</td>
<td>Aid by Trade Foundation</td>
<td>Non-profit organisation based in Hamburg, Germany</td>
</tr>
<tr>
<td>Better Cotton</td>
<td>Better Cotton Initiative</td>
<td>Multi-stakeholder initiative which promotes better standards in cotton farming and practices across 25 countries</td>
</tr>
<tr>
<td>BCP</td>
<td>Better Cotton Platform</td>
<td>Better Cotton's online system to electronically document volumes of cotton sourced as ‘Better Cotton’ as they pass through the supply chain</td>
</tr>
<tr>
<td>BCSS</td>
<td>Better Cotton Standard System</td>
<td>Holistic approach to sustainable cotton production which covers all three pillars of sustainability: environmental, social and economic</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
<td>Geometric progression ratio that expresses the compound rate of return on investment</td>
</tr>
<tr>
<td>CmiA</td>
<td>Cotton made in Africa</td>
<td>Initiative launched and managed by the Aid by Trade Foundation</td>
</tr>
<tr>
<td>ESG</td>
<td>Environmental Social &amp; Corporate Governance</td>
<td>Criteria used by socially conscious investors and shareholders to screen investments and assess a company’s impact on the world</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
<td>Political and economic union of 27 member states</td>
</tr>
<tr>
<td>FAO</td>
<td>Food &amp; Agriculture Organization</td>
<td>United Nations agency that leads international efforts to defeat hunger and improve nutrition and food security</td>
</tr>
<tr>
<td>GIF</td>
<td>Better Cotton Growth &amp; Innovation Fund</td>
<td>Fund which makes strategic investments into Better Cotton projects to support Better Cotton</td>
</tr>
<tr>
<td>GHG</td>
<td>Greenhouse Gases</td>
<td>Any atmospheric gas which absorbs and re-emits heat, thereby keeping the planet’s atmosphere warmer than it otherwise would be</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross domestic product</td>
<td>Monetary measure of the market value of all the final goods and services produced in a specific place or time</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>GPS</td>
<td>Global Positioning System</td>
<td>Satellite navigation system used to determine the ground position of an object</td>
</tr>
<tr>
<td>ICAC</td>
<td>The International Cotton Advisory Committee</td>
<td>Association of governments of cotton producing, consuming and trading countries which acts as the international commodity body for cotton and cotton textiles</td>
</tr>
<tr>
<td>ICT</td>
<td>Information &amp; Communications Technology</td>
<td>The systems, infrastructure and components that enable modern computing and electronic communications</td>
</tr>
<tr>
<td>IDH</td>
<td>Sustainable Trade Initiative</td>
<td>Organisation which convenes companies, civil society organisations and governments in sustainable public-private partnerships</td>
</tr>
<tr>
<td>IFA</td>
<td>International Framework Agreements</td>
<td>Agreements which establish an ongoing relationship between a multinational enterprise and a Global Union Federation to ensure that the company adheres to the same standards in every country in which it operates</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labor Organization</td>
<td>United Nations agency with mandate to advance social and economic justice through setting international labour standards</td>
</tr>
<tr>
<td>IP</td>
<td>Implementing Partner</td>
<td>Field-level partner, helping farmers to adopt practices consistent with the Better Cotton Principles &amp; Criteria</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
<td>Use of computers to store, retrieve, transmit and manipulate data or information</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>Monitoring &amp; evaluation</td>
<td>Overview and assessment of performance in relation to objectives</td>
</tr>
<tr>
<td>MEL</td>
<td>Monitoring, evaluation &amp; learning</td>
<td>Systems to track, assess and learn from the results of an organisation’s interventions</td>
</tr>
<tr>
<td>MSI</td>
<td>Multi-stakeholder initiative</td>
<td>Frameworks for engagement between businesses, civil society and other stakeholders such as governments</td>
</tr>
<tr>
<td>MT</td>
<td>Metric Tonne</td>
<td>1000 kg</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation &amp; Development</td>
<td>Intergovernmental economic organisation with 37 member countries, founded in 1961 to stimulate economic progress and world trade</td>
</tr>
<tr>
<td>PET</td>
<td>Polyethylene terephthalate</td>
<td>Chemical name for polyester</td>
</tr>
<tr>
<td>PPE</td>
<td>Personal Protective Equipment</td>
<td>Protective clothing, helmets, goggles or other garments or equipment designed to protect the wearer’s body from injury or infection</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>PU</strong></td>
<td><strong>Producer Unit</strong></td>
<td>Grouping of Better Cotton Farmers in the same community or region</td>
</tr>
<tr>
<td><strong>SBTi</strong></td>
<td><strong>Science Based Targets Initiative</strong></td>
<td>Defines and promotes best practice in science-based target setting</td>
</tr>
<tr>
<td><strong>SCS</strong></td>
<td><strong>Scientific Certification Systems Inc</strong></td>
<td>Global organisation providing third-party verification for sustainable agriculture</td>
</tr>
<tr>
<td><strong>SDG</strong></td>
<td><strong>United Nations Sustainable Development Goals</strong></td>
<td>Global agenda to end poverty, protect the planet and ensure all people enjoy peace and prosperity</td>
</tr>
<tr>
<td><strong>SP</strong></td>
<td><strong>Strategic Partner</strong></td>
<td>National or regional organisation, governmental bodies or initiatives working with Better Cotton to promote sustainability in the cotton sector</td>
</tr>
<tr>
<td><strong>UN</strong></td>
<td><strong>United Nations</strong></td>
<td></td>
</tr>
<tr>
<td><strong>UNFCCC</strong></td>
<td><strong>United Nations Framework Convention on Climate Change</strong></td>
<td>International environmental treaty addressing climate change, negotiated and signed by 154 states at the United Nations Conference on Environment and Development (UNCED), 3 to 14 June 1992</td>
</tr>
<tr>
<td><strong>VBF</strong></td>
<td><strong>Volume based fee</strong></td>
<td>Fee levied on volume of Better Cotton sourced by retailer &amp; brand members</td>
</tr>
</tbody>
</table>
Annex #2: Better Cotton’s Climate Approach

Better Cotton/Yuyang Wei, Wexian, Hebei, China 2019
In just over 10 years Better Cotton has become the world’s largest cotton sustainability programme. Our mission is to help cotton communities survive and thrive, while protecting and restoring the environment. However, the environment is in danger, climate change is at a tipping point, and the majority of cotton farmers and farm workers are in some of the world’s poorest, worst affected countries. The global pandemic has compounded the difficulties.

Better Cotton is meeting the climate crisis head on. Along with our extensive network of partners and members, we are working to make cotton farming more climate-resilient and sustainable, while aiming to protect the livelihoods of farming communities. Already, almost a quarter of the world’s cotton is produced under the Better Cotton Standard across 25 countries, supporting almost 3 million farmers.

Recognising the ever-increasing challenges, Better Cotton is developing a Climate Approach to support farmers to further mitigate their impact on climate change and adapt to its consequences. We know we must enhance and accelerate our efforts, and bring in new innovations, in order to achieve our mission.

Climate change and Better Cotton’s 2030 Strategy

Better Cotton’s 2030 Strategy lays the foundation for a strong response to climate threats within the cotton value chain, and mobilises action for change with farmers, field partners and members. Our Climate Approach sets out our specific ambitions in this area and our initial actions to achieve them.

Climate change in the Principles & Criteria

Climate change is a cross-cutting theme in the Better Cotton Principles & Criteria. The farm practices promoted by the Principles & Criteria have helped Better Cotton lay strong foundations to mitigate climate change and support adaptation at farm level.

Principle 1: Better Cotton Farmers minimise the harmful impact of crop protection practices. We support farmers to develop a better understanding of Integrated Pest Management. This approach promotes alternative pest control techniques in order to reduce the reliance on conventional, synthetic pesticides. Better Cotton also helps farmers phase out the use of Highly Hazardous Pesticides, which pose great risks to both the environment and the health of farming communities and workers.
**Principle 2:** Better Cotton Farmers practice water stewardship. We support farmers to use water in a way that is environmentally sustainable, economically beneficial and socially equitable. This water stewardship approach can improve crop yields, strengthen resilience to climate change, minimise negative impacts on water quality and enable fair water access for all users in a catchment area. We also support farmers to adopt cotton varieties that are best adapted to the region’s current and forecasted climatic conditions and soil characteristics.

**Principle 3:** Better Cotton Farmers care for the health of the soil. We support farmers to better understand and protect the soil. Healthy soil leads to bigger and higher quality yields, reduces the need for expensive fertiliser, pesticide and labour costs, and can more easily withstand unpredictable weather patterns caused by climate change. We support farmers to optimise fertiliser application, or use natural alternatives, as in many countries synthetic nitrogen fertiliser is a primary driver of emissions. Healthy soil also helps to mitigate climate change, as it is better able to sequester carbon and serve as a carbon sink.

**Principle 4:** Better Cotton Farmers enhance biodiversity and use land responsibly. We support farmers in conserving and enhancing biodiversity on their land and in adopting practices that minimise the negative impact on habitats in and around their farm, whilst simultaneously promoting sustainable land-use practices and protecting High Conservation Value (HCV) areas.

---

**Our Climate Approach**

Better Cotton has a responsibility and opportunity to help shift the cotton sector to become part of the climate solution, while supporting those most affected by climate change. 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 is aligned with the Paris Agreement. It is composed of three pillars:

1. **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

2. **Adapting to life in a changing climate**
   Equipping farmers, farm workers and farming communities to be more resilient to climate change impacts

3. **Enabling a just transition**
   Ensuring that the shift towards climate-smart, regenerative farming and resilient communities is socially and economically inclusive

Each of the pillars offer productivity and yield improvement opportunities and many of the practices that we promote support both mitigation and adaptation all of which is fundamental to the production of sustainable cotton. More information on each of the pillars can be found in the section below.
1. Reducing cotton production’s contribution to climate change

Cotton is grown by millions of farmers around the world. The agriculture sector contributes approximately 12% of the world’s Greenhouse Gas (GHG) emissions. Agriculture therefore has a role to play in reducing emissions, as well as the potential to store large quantities of atmospheric carbon in the soil. Better Cotton has been conducting work to better understand emissions drivers in cotton production and using these findings to prioritise action.

Better Cotton is taking a targeted approach to reducing emissions at a global and country level. To support this, in October 2021, we released our first report quantifying global greenhouse gas emissions (GHGs) of Better Cotton and comparable production. This was an important step in setting our 2030 emissions reduction target.

Translating data into action

Anthesis’ study provided us with valuable insights, along with the latest climate science, to address the challenge. Now that we have established a baseline for Better Cotton GHG emissions, we can embed mitigation practices more deeply into our programmes and Principles & Criteria and further refine our capacity building, monitoring and reporting methods.

The Better Cotton GHG study, conducted by Anthesis Group, reviewed data from over 200,000 farm assessments over three seasons (2015-16 to 2017-18). The study found significantly lower emissions from Better Cotton-licensed farmers’ cotton production. On average, Better Cotton production had a 19% lower emissions intensity per tonne of lint than comparison production across China, India, Pakistan, Tajikistan and Turkey. Main emissions drivers were synthetic nitrogen fertiliser production and application, and the power for irrigation. Low yields in some geographies also contribute to relatively high emissions intensities.
2. Adapting to life in a changing climate

Cotton is one of the world’s most important natural textile fibres and is the most widely grown fibre crop in the world. Over the past year Forum for the Future’s Cotton 2040 working group has produced a [climate risk assessment for global cotton production](#) which found that by 2040 all global cotton-growing regions will be exposed to increased risk from at least one climate hazard: reduced growing season length, heat stress, changes in total rainfall during the growing season, extreme rainfall events, long-term drought, short-term drought, fluvial flooding, coastal flooding, strong winds, storms, wildfire and landslides. This evaluation supported experience from Better Cotton’s regional teams and partners who are increasingly witnessing these challenges first-hand.

Building the resilience of farmers and farm workers is essential if they are to absorb and adapt to the stress posed by climate change. There is a clear nexus between Pillar 1 and Pillar 2, primarily regarding agricultural practices that are good for carbon sequestration and good for soil health, such as cover cropping, complex crop rotation and agroforestry, to name a few.

**Translating data into action**

Understanding the increased risk of production challenges puts us in the best position to proactively support farmers and farm workers. We are already working with partners who can help farmers to adapt. Increasingly we are also seeking out partnerships that can provide further assistance to farmers by identifying and promoting appropriate regenerative and climate smart agriculture practices, encouraging water storage, developing weather, pest and disease forecasting, creating and implementing weather indexed insurance, and breeding cotton seed varieties which are more drought, flood, pest, weed and disease resistant.
3. Enabling a just transition

Around 100 million farmers grow cotton worldwide and climate change is already affecting many of them. Among these, smallholders are undoubtedly the most vulnerable. We know that the impact of climate change disproportionately affects those who are already disadvantaged – whether due to poverty, social exclusion, discrimination or a combination of factors. However, these marginalised groups can also be the key agents of change. Smallholder farmers already grow a more diverse range of crops than large farms, which puts them in a good position to reverse the declines in nature and biodiversity. As the UN reports, women and girls, in particular, are ‘often early adopters of new agricultural techniques’ and can be drivers of climate solutions.

During 2021 we have been talking directly to farmers and farm workers in India and Pakistan to better understand the challenges that they face and identify how we can best address and not exacerbate inequalities. Almost 90% of farmers interviewed have noticed changing weather patterns in the last 5 years and more than 35% say they aim to farm less or not at all by 2030.

Translating data into action

Our role at Better Cotton is to provide ongoing support to ensure farmers and farm workers are able to navigate the climate change transition in a socially and economically inclusive way. An important component of this pillar will be to support access to finance and information that will empower farmers and workers to make the choice they feel is best for themselves and their families. Continuing our focus on decent work, including workers’ rights, fair pay and protection from heat stress, will also be essential.
Our Climate Approach

Better Cotton is taking action in the following ways:

- Spur action through setting **clear targets**, in line with climate science, that we can monitor and report on and use for learning and continuous improvement.

- Build **country-level action plans** which recognise the urgency required in implementing both mitigation and adaptation actions. The action plans will reflect the intensity of climate change impacts and will target capacity-building to reduce emissions, enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change.

- Revise our **Principles & Criteria** to re-focus our indicators through a climate change lens, putting a stronger emphasis on regenerative agricultural practices for adaptation and mitigation. The updated Standard is due to be released in 2023. Visit our webpage for more information.

- Explore **incentives and governance systems**, such as carbon markets and Payment for Ecosystem Services schemes, that will empower farming system actors, increase the adoption rates of effective mitigation practices and build convincing cases for enabling GHG mitigation, especially in the context of smallholders.

- Understand the **expressed needs of farmers and farm workers**, particularly women, young people and other more vulnerable groups, and ensure their meaningful participation in programme design.

- Source funding through new and developing **climate finance** resources, such as carbon markets, philanthropic funders, institutional donors, banks, equity investors, impact investors and other stakeholders, which provide opportunities to invest in farming communities.

- Continue to explore **nature-based solutions and landscape approaches** that will help Better Cotton to protect, conserve and restore nature and ecosystems beyond the standard system.

- Leverage **partnerships** and work in cotton producing countries to engage new audiences, particularly global/national policy makers to advocate for change in, and support for, all areas of the approach, including a just transition with a focus on decent work.

- Invest in **research and development** in key and innovative areas for technology transfer such as worker protection from heat, seed and varietal development, water storage, insurance products, and weather, pest and disease forecasting.

- Drive **innovation** through Better Cotton’s Growth & Innovation Fund which funds in-country partners to test, trial and scale locally-relevant adaptation practices, including farm practices and diversified livelihoods.
Measuring progress – 2030 targets

Better Cotton has identified five impact areas to act as the public-facing drivers of change: climate change mitigation, soil health, pesticide use, smallholder livelihoods and women’s empowerment. These have been selected through an extensive process involving detailed desk research on global sustainability targets and a global hotspot analysis looking at key areas of concern for each of the Better Cotton direct and benchmarked countries.

Each impact area will be accompanied by an associated indicator to monitor and measure progress made on-the-ground. An indicator has been developed for the climate change mitigation target while the rest are currently in development — all the indicators will be shared by the end of 2022. The ability to measure and report on progress will be essential to demonstrate our commitment to impact and deliver our mission.