

# Better Cotton 2022 General Assembly Minutes

Tuesday, 21 June 2022 (13:00 – 15:15 CET)

## Welcome and opening remarks by Chair of the Association, Marc Lewkowicz

- Better Cotton represents more than 20% of the world's cotton
- Anti-trust policy reminder to all membership
- Introduction to the General Assembly Agenda

## Annual Report 2021 by Better Cotton CEO, Alan McClay

- In 2022, Better Cotton will move to an April through March Fiscal Year to align the financial reporting timelines of the Better Cotton Secretariat and Better Cotton's Growth and Innovation Fund (GIF). The current fiscal year will end 31 March 2022.
- In the 2020-21 cotton season, Better Cotton worked with close to 60 partner organisations to deliver training on more sustainable farming practises to over **2.9 million farmers** in **26 countries**.
- Of the 2.9 million participating farmers, more than **2.2 million farmers** in **24 countries** received a Better Cotton license and produced **4.7 million tonnes** of Better Cotton. This represents around 20% of global cotton production.
- Better Cotton membership continues to grow, and we welcomed 400 new members in 2021, surpassing 2,400 total members across 63 countries by the end of 2021.
  - o [2,065 suppliers and manufacturers.](#)
  - o [283 retailers and brands](#)
  - o [28 civil society](#)
  - o [18 producer organisations](#)
  - o [15 associates](#)
- In 2021, 260 Retailer and Brand Members collectively sourced **2.5 million tonnes** of Better Cotton – a record for Better Cotton and the sector. This accounts for **10% of global production** and represents a 47% increase on 2020 sourcing volumes.
- Retailer and Brand Members continue to increase their Better Cotton sourcing levels, and we are making sure adequate supply of Better Cotton is available for membership uptake.

- In 2021, Better Cotton launched its 2030 Strategy which included an ambitious climate change mitigation target to **reduce overall greenhouse gas emissions per tonne of Better Cotton produced by 50% by 2030**.
- Better Cotton **accelerated its journey towards physically traceable Better Cotton** in 2021 developing a comprehensive four-year activity plan and budget for introducing traceability into the Better Cotton network. With significant convening power and an extensive network, Better Cotton is well placed to help drive this transformation, catalysing progress across the sector.
- Farmer Centricity: ensuring farmers are at the heart of everything we do is fundamental to Better Cotton's work. The launch of Better Cotton's 2030 Strategy in 2021 drives how we approach our strategic aims, including our ambition to enhance the wellbeing and economic development of cotton farmers.
- **The outlook to 2022** is positive with growth continuing to accelerate as we deliver and deepen impact. Planned activities including the Better Cotton Principles & Criteria Revision and road map development for the next 8 years are underway as we drive progressive, measurable change for the better at field level.

Thank you to the stakeholders in the Better Cotton network for your commitment and continued support as we strive to fulfil our 2030 ambitions.

## 2021 Financial Statements by Treasurer, Amit Shah

- Better Cotton has seen steady growth of income in the past 5 years.
- Expenses were well managed in 2021 through postponing investment and having a cash reserve.

### Financial position (Balance Sheet) summary:

- 2021 closes with a **good cash position**.  
**We have more than 6 months cash in our unrestricted reserves, as per our reserve policy,** giving us adequate cushion for any upcoming challenge.

### Statement of Operation (Profit & Loss Statement)

- **Income increases due to growth in membership** and users in the Better Cotton Platform (BCP).
- Income vs expense ratio is well managed,
- Increase in staff recruitment leads to a rise in the **operational cost**.
- Income driven from volume-based fees was challenging due to COVID-related uncertainty but has improved recently.

### Auditor's finding

- SWISS GAAP was used for best practise and transparency.
- Auditors' report presented a true and fair view.
- Members and donors are encouraged to keep supporting Better Cotton.

## Statutes changes by Membership Manager, Linus Hammarberg

Changes to the statutes were recommended by the Secretariat due to several criteria and the requirement to register with *Registre du Commerce in Geneva*

**1. Location: Article 2. Seat**

- 2.1 The association seat is in the political commune of Vernier, Geneve

**2. Signing powers – Article 14. Signature**

- The Chair, Vice-Chair, Treasurer and Secretary are authorized to sign for and on behalf of the Association under a joint signature of two.

**3. Financial Year – Article 5.4.**

- The financial year shall begin on 1 April and end on 31 March of the following year

An extended **15-month accounting period** will be observed for our next set of Financial Statements. The year-end will be 31 March 2022.

As not enough members were present at the General Assembly, it was decided to vote on the Statutes amendments together with the Elections. (Post General Assembly, the vote for the Statutes amendments has been postponed to a later date due to an error in wording. Members will be notified of the upcoming vote once there is a new recommendation in place).

## Council Election Update by CEO Office Manager, Eren Ozalay

Three new members will be elected to the Better Cotton Council this year. Ten candidates have applied to represent their constituents in three membership categories:

- Retailer & Brand Category
  - IKEA (Sweden)
  - Walmart (United States)
- Supplier & Manufacturer Category
  - Artistic Fabric Mills (Pakistan)
  - Basil Commodities (India)
  - ECOM (Switzerland)
  - Gureks (Turkey)
  - OLAM Agri (Singapore)
- Producer Organisation Category
  - Abrapa (Brazil)
  - Auscott (Australia)
  - Aproca (Mali)
- Voting ends 5 July
- New Council starts duty September 2022

## Better Cotton 2030 Strategy and Targets by COO, Lena Staafgard

- In the new strategic period, farmers continue to be at the heart of Better Cotton practices.
- By 2030, we will be delivering **tangible positive improvement** at the **field level**.
- The Better Cotton Principles & Criteria (the field level standard) Revision is required every 5 years as Better Cotton is a Code Compliant member of ISEAL. The 60-day public consultation period begins in August to collect multistakeholder input on the revised standard. The revised standard will be released in 2023.
- The five target areas with the 2030 Strategy are:
- **Climate change mitigation (target set in 2021)**: reduce greenhouse gas emissions by 50% per tonne of Better Cotton produced and equip farmers to contribute to solutions that tackle the climate crisis.
- **Soil health**: Improve soil health to increase the environment's resilience to climate change while enhancing productivity and positively affecting farmer income.
- **Pesticide use**: Reduce the volume and toxicity of pesticides used in order to benefit human health and farmer incomes, as well as reduce soil and water pollution caused by pesticide run-off.
- **Smallholder livelihoods**: Make a positive contribution to the eradication of farmer poverty by improving the resilience of farmers and farm workers to the effects of climate change, as well as fluctuations in the global cotton trade and the COVID pandemic.
- **Women's empowerment**: To support women's employment in **decision-making positions**.
- We are engaging with a wide array of partners to determine what is an **achievable target** and **trusted methodology** to measure and provide evidence that we are **promoting change**.
- While we are looking at Global Targets, activities will be focusing on local areas.
- Result indicators on annual or longer basis are still relevant to report to stakeholders how we are progressing.

## Traceability update by Senior Director of Data & Traceability, Alia Malik

**Traceability Programme has a comprehensive 4-year plan and is currently in Phase 2 – requirement and vendor selection. This includes:**

- Development of new Chain of Custody model(s) to enable physically traceable Better Cotton.
- Request for Proposals have been released this week (week of 20 June 2022).
- In 2023, Better Cotton will introduce its first offering of traceability. Pilots are being carried out in 2022 which will enable Better Cotton to tailor the offering to each country context.

**What to expect as a supplier?**

- The Better Cotton Platform (BCP) will ask for more documentation and data.
- In 2023 our existing Mass Balance Chain of Custody model will be joined by **Segregation** and **Controlled Blending** Chain of Custody models.

**What to expect as a Retailer and Brand?**

- There will be a membership wide **financial levy**.
- Offering will be commercially viable.

- Responsibility for **verifying origin** and sustainability credential for non-Better Cotton members will remain **out of scope**.

Thanks to all Retailer & Brand Members who have participated in our traceability panel.

## Member Q&A led by Alan McClay

Q1: How are you approaching development of a target area for smallholder livelihoods?

Response by Emma Dennis, Senior Manager, Sustainable Agricultural Practice.

*This is the most complicated out of the five targets we are setting. We are investing more resources and time in this and recruiting a livelihood manager. **Profitability** and a **complimentary indicator** are being considered. This is a work in progress and there will be updates in the coming months.*

Q2: How can members support Better Cotton in both the development and achievement of the 2030 Impact Targets.

Response by Emma Dennis, Senior Manager, Sustainable Agricultural Practice.

*There is current discussion at the Council level regarding the five impact target areas. At the same time, member **webinars** are being conducted to discuss the targets. We encourage members' input and questions at the webinars and invite all members to join. In terms of delivery of the target – continued investment and support in the work we are doing by **continuing to source Better Cotton** will help us to **increase** field level capacity building. That is going to drive the **biggest change** for us.*

Q3: What are the plans to engage the supply chain to ensure their perspectives is included in the development of traceable better cotton and new chain of custody models

Response by Alia Malik, Senior Director Traceability.

*Last year we talked to a wide range of stakeholders; we had a retailer and brand panel, membership consultations, and 1:1 conversations with 40 suppliers across the supply chain. We put out a survey that received 1500 responses from all **actors in the supply chain**. We have two project governance bodies – one retailer and brand traceability panel, and the other is the cotton advisory committee made up of actors from the cotton supply chain. We had a series of task force meetings with **subject matter experts** to review and inform the development of our traceability solution. From our work last year, we learnt from many supply chain actors that **segregation was possible**. 84% of survey respondents anticipate the **business needs for traceability** and most thought they can make the transition within 3 years. A large number found that it is advantageous to have one system available*

rather than multiple systems for different clients. The foundation for physically traceable Better Cotton is strong with consensus from the community. We do see that the grind of the operation will be in the supply chain, but the **financial cost will be shared by all members**.

Q4: How can new members learn about participating in the Better Cotton Council and what are desired characteristics of council candidates?

Response by Alan McClay, CEO

All details are provided in the Council candidate pack, kindly consult it on our [website](#). The best way is to get involved at Better Cotton with your **expertise** perhaps in any of the **governance panels**. If you are a member, you will hear about these panels and **write to your key contact point** at the Secretariat, who can assist you.

Q5: Can members opt out from the traceability levy?

Response by Alia Malik, Senior Director Traceability.

**No**, but the levy will be **tiered by size and cotton footprint**, and we will provide a substantial notice period. We will need membership wide support to bring physically traceable Better Cotton to fruition.

## Closing remarks

Better Cotton's CEO Alan McClay remarked that whether it is **traceability** or the 2030 Strategy impact **target areas**, all of these workstreams require **resources**, including more funding. We are doubling our effort and therefore have built a strong Fundraising Team. Fundraising in the new period will not solely rely on the private sector, we are increasingly targeting public funding. At the end, the **whole sector will benefit** from traceability by **knowing where your cotton is coming from**. Better Cotton will benefit through improved **data** from the field that will enable us to deepen our **impact**.