

Better Cotton 2023 General Assembly - Minutes

Tuesday, 14 November 2023 (14:00-15:00 CET)

Introduction

Alan McClay, Better Cotton's CEO, welcomed Members and introduced the General Assembly agenda.

Annual Report 2022-23

Marc Lewkowitz, Chair of Better Cotton, presented the activity report corresponding to the 2022-2023 Financial Year and 2021-2022 cotton season.

- In the 2021-22 cotton season, Better Cotton worked with **close to 60 partner organisations** to deliver training and support to just over **2.8 million farmers in 22 countries**.
- Of the 2.8 million farmers who received training, more than 2.2 million received a license to sell their cotton as Better Cotton and **produced 5.4 million tonnes of Better Cotton**.
- This represents around **22% of global cotton production**, and is a 15% increase on the 2020-21 season volumes.
- In 2022, our network continued to grow, and we welcomed more than 370 new members – ending the year at **2,563 total members**. This represents a 6% increase on the previous year.
- A 12% increase in the number of non-member suppliers took the total number of **suppliers using the Better Cotton Platform to beyond 10,000 for the first time**, with a year-end total of 11,234.
- In 2022, 260 Retailer and Brand Members collectively **sourced 2.6 million tonnes of Better Cotton** – an increase of 7% on the year before. This represents over 10% of cotton produced globally.
- **Uptake** of Better Cotton by spinners in membership dropped by 7% in comparison to 2021 levels.
- In early 2023, we completed the latest revision of our **Principles and Criteria (P&C)**, our farm-level standard which is the foundation of everything we seek to accomplish. The refined principles in this version – Management, Natural Resources, Crop Protection, Fibre Quality, Decent Work and Sustainable Livelihoods, supported by the cross-cutting priorities of Gender Equality and Climate Change Mitigation and Adaptation – are integral in deepening our impact and improving the future for cotton farming communities.

- A key focus this year was our **Traceability Solution**, which launched at the start of this month. This was the culmination of three years of work, including the creation of new Chain of Custody models and a pilot project in India.
- In December 2021, we published the **Better Cotton 2030 Strategy**. As part of this strategy, we developed Impact Targets spanning soil health, women's empowerment, pesticides, sustainable livelihoods and climate change mitigation to help guide our journey forward and enable progress to be clearly measured and communicated. With the first target (climate change mitigation) launched with the 2030 Strategy, Better Cotton set about formulating the remaining four targets, which launched in 2023. With our five targets, we plan to help farmers improve soil health, reduce pesticide use and greenhouse gas emissions, empower women and add resiliency to smallholder livelihoods.
- At the end of 2022, **Uzbekistan** became the latest country to launch a Better Cotton Programme.

FY 2023 Audited Accounts

Amit Shah, Treasurer of Better Cotton presented the FY 2023 Audited Accounts.

- Council approved the FY 2023 Accounts in September 2023.
- The consolidated results incorporate the activities of the Association, our branches in India, China and our strategic partner, BCI Pakistan.
- In 2022, the Better Cotton Council changed the **financial year end** of Better Cotton to 31 March to align with the cotton growing season. This year only, we're reporting the results for a 15-month period.
- The consolidated financial statements have been prepared in accordance with **Swiss GAAP** and comply with the Swiss Code of Obligations.
- Our auditors RSM Switzerland gave an **unqualified opinion** on the Financial Statements confirming the strength of our systems and controls.
- **FY23 consolidated bank balance** is EUR 30.5 million at the year-end. A large proportion of these funds will be sent to the field in 2023/24 to support farming communities.
- **Income** has increased 32% from the previous year and a net surplus of EUR 2.2 million is recorded.
- The total value of **contributions to partners and donations** during the period grew to EUR 24.9 million. The growth of income and ambition was reflected in the recruitment drive and the headcount rose to 191 people from 141 people.
- Overall, **Operating Expenses (personnel and operations)** of EUR 21.3 million were 8% less than budgeted on a like-for-like basis. This underspend partly resulted from extended recruitment periods to recruit high calibre staff.
- FY 2023 showcased financial resilience, strategic investments, and increased income. The organisation remains committed to its mission, underpinned by sound financial stewardship.

Following confirmation that enough members are present from each member category (quorum), members approved the Activity Report and Audited Accounts.

Traceability Update

Alia Malik, Better Cotton's Senior Director, Data & Traceability, delivered an update on Traceability.

- Better Cotton launched its Traceability programme on 2 November 2023
- Suppliers from 44 Countries are now prepared to source Traceable Better Cotton
- We introduced a new **Chain of Custody**, an enhanced digital platform for data collection and updated supply chain assurance processes
- A new **Claims Framework** will follow in Q3 2024
- To support the Traceability Programme, Better Cotton Members can:
 - Get internal buy-in and prepare
 - Encourage suppliers to adopt the Chain of Custody Standard
 - Source Traceable Better Cotton through the Better Cotton Platform
 - Continue to innovate with us

Member Value Proposition

Paula Lum Young, Better Cotton's Director, Membership & Supply Chain, presented the new Member Value Proposition.

- The 2030 Impact Strategy positions Better Cotton to **deliver deeper impact**. A new standard, Impact Targets, traceability, and country-level life cycle assessments laid the foundation for impact delivery.
- **Member Feedback** demonstrates that, scalability, affordability, and positive field-level impact are vital for members. Members seek reputational benefits, marketing support, and recognition for efforts and investments. Incentives for farmers and the ability to source Traceable Better Cotton are key member priorities.
- **Traceability** is essential for 2030 and will be integrated into the business model. New Chain of Custody, enhanced Better Cotton Platform, extensive CoC Monitoring and Verification, and a new Claims Framework are part of the integrated Traceability approach. Traceability will facilitate access to regulated markets by providing the country of origin for cotton.
- Better Cotton will be announcing **new fees** in December 2023, which will be financing the enhanced Member Value Proposition.
 - **For All Members:** New membership fees apply from 1 April 2024, on a rolling basis.
 - For **Retailer and Brand Members:** New Volume Based Fees apply from 1 January 2024, with full invoicing in Q1 2025.
 - New BCP Access fees apply from 1 April 2024, on a rolling basis.
- Changes required by the new Member Value Proposition will be implemented from January 2024 in internal systems.

Council Election

Eren Ozalay, Better Cotton's CEO Office Manager, delivered an update on the 2024 Council Election.

Applications are being accepted for Better Cotton's multistakeholder council until 5 December 2023. There is **one vacancy in each of the four membership categories**:

- Retailers & Brands
- Supplier & Manufacturer
- Producer Organisations
- Civil Society

Candidates will be announced in January/February 2024. Electronic Voting will take place in March 2024, new Council Members will be announced in April 2024 and the new Council will start duty in June 2024.

Better Cotton Events

Eva Benavidez Clayton, Better Cotton Communications Director, presented recent and upcoming Better Cotton events.

- **The 2023 Better Cotton Conference** ran from 21-22 June 2023 in Amsterdam, attended by over 350 participants, over 190 organisations, and 50 inspirational speakers.
- **Programme Partner Meeting took place** in February 2023 in Phuket, attended by 133 participants from 11 cotton growing countries.
- **Large Farm Symposium** took place in October 2023, attended by 133 participants and cotton growers and partners from 6 countries.
- **Better Cotton organised several Field Trips:**
 - **Şanlıurfa and Malatya, Türkiye** - Attendees explored cotton farms and a cotton gin facility. They gained a deeper understanding of sustainable cotton farming practices and the challenges faced by farmers.
 - **Cairo, Egypt** - Members visited a Better Cotton licensed farm in Kafr Saaqd, where attendees witnessed a demonstration of cotton farmers and field staff about sustainable practices in Egypt.

Ask Me Anything

Eva Benavidez Clayton led a Member Q&A session with Alan McClay. Responses to live and recorded questions are shared in a separate Q&A document.

Closing Remarks

Alan McClay thanked all Members for their participation and closed the meeting.