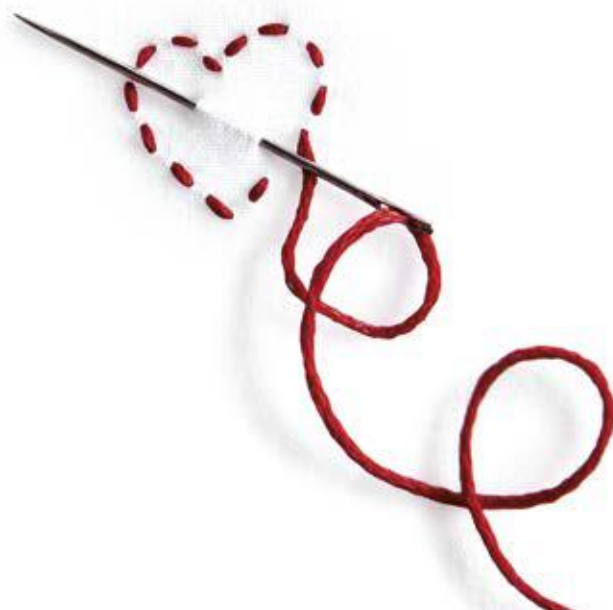




COTTON MADE IN AFRICA

Annual Report 2016



IMPRINT

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DR. MICHAEL OTTO

Chairman of the Board of Trustees,
Chairman of the Supervisory Board of the
Otto Group

Africa is dear to my heart. As a human being and also as an entrepreneur, I feel a close connection to our neighboring continent.

It is clear that not only the fate of Africa but also the future of a peaceful and prosperous Europe will depend on successfully overcoming the great challenges that confront our neighbors.

We are familiar with the challenges faced by many of the 56 African states. But so far, these problems have occurred far away from our daily lives. Yet Africa and its people, though, are literally closer to us when they make their way to us in Europe: Hundreds of thousands of people have left their homeland, fleeing war, misery, and the lack of opportunities. African youth, in particular, do not see a future for themselves on their home continent. There, the average age is 18 and soon more than 2 billion people will live in Africa. By 2050, 20% of the world's population will call Africa their home. This not only presents the countries of Africa but everyone of us with enormous tasks such as ensuring food security as well as education and jobs for hundreds of millions of young people.

The goal of Cotton made in Africa is still as important today as it was 12 years ago.

Long before the great waves of refugees reached Europe over the past few years, the rural exodus and resulting urban decay and impoverishment of people in large cities were a pressing issue in many African countries. In order to provide effective relief also for this problem, I founded Cotton made in Africa (CmiA) in 2005. Today, the initiative works with 780,000 cotton farmers in ten countries in Sub-Saharan Africa and reaches 6.7 million people including their family members. The goal of Cotton made in Africa is still as important today as it was 12 years ago: The initiative works to empower smallholder farmers in Africa so that they can improve their lives and those of their families effectively, permanently and, above all, independently. It helps

them create and preserve an intact environment also for future generations. Only in this way can sustainable positive development be brought about and smallholder farmers can become more resilient against the effects of climate change without any external help or dependency but instead on their own and with their own means.

It is obvious that Cotton made in Africa is unable to change many difficult circumstances. Smallholder farmers, for example, have only small plots of farmland, but Cotton made in Africa can help them to increase their crop yields and improve the quality of their cotton. They learn how to grasp themselves as entrepreneurs and acquire simple business knowledge in farmer business schools. All this contributes to an increase in income and a small ecological footprint left behind by the cotton that is produced. The higher income enables smallholders to pay for their children's schooling and lay the foundation for a generation that benefits from better education and training.

The cotton produced by the smallholder farmers according to social and ecological criteria is traded on the international market, is in demand by textile companies, and flows into the textile value chains as a global raw material and finally processed into a T-shirt, pair of jeans, or towels and sold around the world. The demand for this special type of cotton is therefore a decisive driving force for prospering village communities in the African cotton growing regions. This makes it possible to offer training to the farmers, build schools in remote villages, or finance women's cooperatives.

Last year, 50 million textiles alone were marketed with the Cotton made in Africa seal. Each individual item stands for a partnership on equal footing and actively promotes sustainable, positive development in Africa. Every T-shirt and pair of jeans with the CmiA seal helps combat poverty and the causes of migration.

Together with our partners, cotton and textile companies, non-governmental organizations, and the public sector, we will continue to build on a strong partnership with smallholder farmers that is based on individual responsibility, relies on personal initiative, and from which we can all benefit.

CONSOLIDATED EARNINGS

The Aid by Trade Foundation was able to increase its revenue from licensing fees by 47 percent to EUR 1,485 thousand by marketing the rights to the Cotton made in Africa brand through ATAKORA Fördergesellschaft GmbH in the 2016 financial year. In addition, revenues of EUR 342 thousand were generated through the sale of CmiA-certified cotton in the BCI channels. As a result, revenues from the sale of CmiA cotton once again accounted for almost 50 percent of total revenue in 2016 which rose from EUR 2,563 thousand to EUR 3,762 thousand (+47 percent) in the financial year.

The global network of CmiA partners also continued to grow in 2016. Contribution payments made by cotton companies, traders, and spinning mills which work with the sustainable cotton and are stakeholders in the textile value chain of the Cotton made in Africa initiative along with several companies in the demand alliance which pay partner contributions beyond the licensing fees have also developed into a reliable source of financing for CmiA. The level of public subsidies was further reduced as planned in 2016 to only one percent of total revenue. These developments confirm that the Cotton made in Africa initiative is largely supported by companies using CmiA cotton, and that the foundation's motto "Aid by Trade" is being implemented.

The global network of CmiA partners also continued to grow in 2016.

Expenditure for project implementation was EUR 1,524 thousand in 2016 and grew by two percentage points to 65 percent of total expenditure. As a result, the program service expense ratio improved once again by one percentage point to 72 percent in 2016. This figure describes the effectiveness of the funds used and is calculated using the ratio of total expenditure to the funds that directly support the foundation's objectives.

The AbTF donated EUR 996 thousand, nearly one million euros directly towards training measures

for the smallholders and accompanying cooperation projects as part of the project implementation.

Exceptionally high donations made to the foundation in the amount of EUR 1,243 thousand contributed to a consolidated net profit of EUR 1,425 thousand before taxes in 2016. This ensures a solid equity structure, for example also through building up free reserves, and provides the basis for further investments both in implementing the program as well as in strengthening marketing for CmiA in the coming years.

ATAKORA

ATAKORA Fördergesellschaft GmbH (ATAKORA) markets all rights to the CmiA, CmiA-Organic and SCS standards for AbTF. ATAKORA's payment of license fees to AbTF is regulated by a written agreement. These fees are increasingly being used to implement the AbTF's statutory targets in Africa.

ATAKORA
Fördergesellschaft GmbH

Aid by Trade Foundation

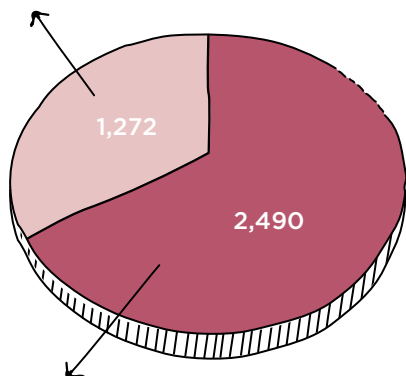
The Aid by Trade Foundation for Sustainable Agriculture & Forestry (AbTF) aims to improve the social and environmental situation for smallholders in developing countries. This is mainly achieved through training measures that are financed by the increasing revenue from license fees for the Cotton made in Africa (CmiA), Cotton made in Africa-Organic (CmiA-Organic), and the Sub-Saharan Cotton Standard (SCS) standards.



CONSOLIDATED EARNINGS

REVENUE 2016

Income from public grants/donations in TEUR

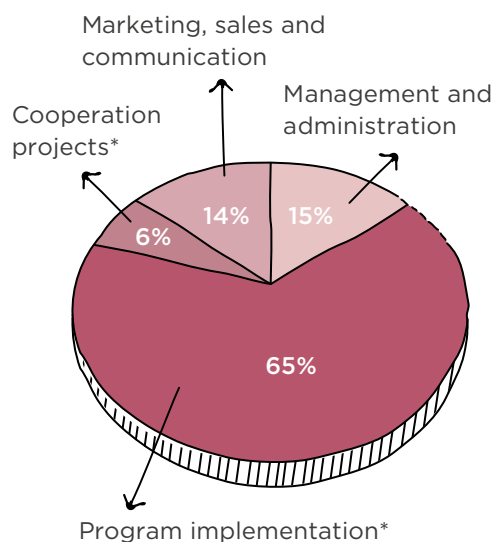


Income from business operations in TEUR

Income	TEUR	in %	2015 in %
License fee income	1,827	49%	49%
Partnership contributions	358	9%	17%
Public grants	29	1%	4%
Private grants	145	4%	8%
Donations	1,243	33%	10%
Service fees	25	1%	4%
Other income	135	3%	8%
Total income in 2016	3,762	100%	100%

	TEUR	in %	2015 in %
Income from business operations	2,490	66%	86%
Income from public grants/donations	1,272	34%	14%

EXPENSES 2016



Expenses	TEUR	in %	2015 in %
Management and administration	339	15%	14%
Program implementation*	1,524	65%	63%
Cooperation projects*	151	6%	7%
Marketing, sales and communication	323	14%	16%
Total expenses in 2015	2,337	100%	100%

	TEUR	2015
*Thereof AbTF contribution to training programs and cooperation projects in 2016	995	980

	in %	2015 in %
Program Service Expense Ratio = Program Service Expenses/Total Expenses	72%	71%

ELISÉ BALIMAYA KABAYA

Electrician
Société Cotonnière de Gourma
(SOCOMA), Burkina Faso



The cotton companies have little work for the employees in their ginning plants between harvests which is why the majority of them are employed as seasonal workers each year. Elisé Balimaya Kabaya is one of them. She has been working as an electrician from the first to the last day of ginning in one of the ginning plants of SOCOMA in Burkina Faso since 2014. Right from the very beginning when starting her job, the 27-year-old woman had an accident in which she injured her hand. SOCOMA paid all of the medical costs which is by no means a given in countries such as Burkina Faso. This is not the only reason why she is happy to have this job, "With the money I earn here, I can pay for my books and school fees," says Balimaya Kabaya. She has been studying for the "Abitur" (general secondary school diploma for university entrance) and will be taking the exams as an external candidate. "My biggest dream is to study electrical engineering and later find a really

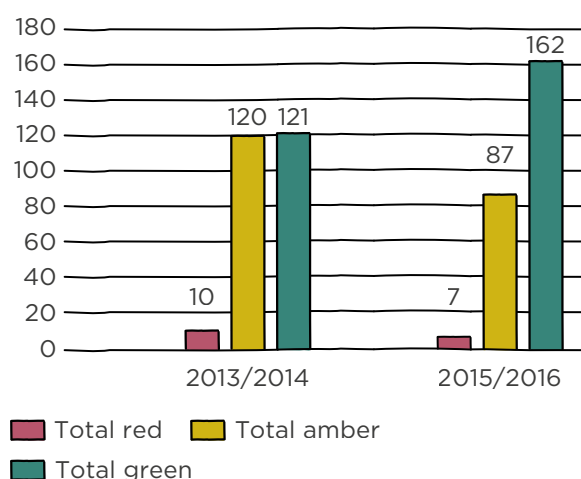
good job," she confesses. "But I also learn a lot on the job at SOCOMA because I can see how something that I normally just read in theory in my books works in practice." Balimaya Kabaya is one

Balimaya Kabaya is one of few women who work in the factory and the only one among the electricians.

of few women who work in the factory and the only one among the electricians. "But I have no problems with that," she says. "Everyone respects me and takes me seriously because I am good at what I do."

GREEN LIGHT FOR MORE SUSTAINABILITY

Making cotton growing in Sub-Saharan Africa¹ more sustainable year after year while also successively improving the lives of smallholders and their families, that is the goal of all of Cotton made in Africa's activities in the growing regions. The current results from certification show that the approach consisting of an ongoing improvement process actually works. Each certification assesses the level of implementation of CmiA sustainability criteria using a traffic light system that uses red, amber, or green indicators with green representing sustainable management. The aggregated data from the production of 16 cotton companies document that the second follow-up certification shows a clear improvement in the results.



Aggregated certification results from cotton production (16 cotton companies with two certification cycles)

CmiA certification provides the cotton companies with very helpful guidelines for making structured improvements. In 2016, the AbTF also focused in particular on supporting the companies in developing their progress plans. These are a mandatory part of each certification report. The plans are based on the assessments and recommendations made by the auditors on-site. Since they are defined by the cotton companies themselves, the plans reflect the companies' personal priorities for improvement.

In 2016, some 780,000 smallholders who produced more than 320,000 tons of cotton fiber were certified according to the CmiA and SCS

standards. The reduction in output by around 80,000 tons compared to the previous year, despite the increased number of contract farmers, can be primarily attributed to external factors such as adverse climatic conditions ("El Niño").

CmiA certification provides the cotton companies with very helpful guidelines for making structured improvements.

A total of 20 certification audits were conducted in 2016 to assess the standard criteria for cotton production and ginning plants. Certification for two ginning plants was postponed to the first quarter of 2017 due to external factors. The number of plants certified according to CmiA, CmiA-Organic, and SCS rose in the reporting year to 20 cotton companies in ten countries in Sub-Saharan Africa. Two new companies were incorporated in the 2015/16 season, and initial certification process of the ginning plants of two others was taken up. The partnership with the two companies based in Malawi had to be suspended at the beginning of 2016 due to the political situation in the country.

To conduct the certification audits, the AbTF signed three independent certification organizations (EcoCert, AfriCert, and Control Union) with a total of twelve African auditors under contract. Some of the certified auditors received refresher training. In addition, the AbTF conducted a monitoring mission in Uganda in which two auditors were evaluated. These missions serve to maintain a consistently high level of quality for audits and a reliable interpretation of the CmiA standard.

¹ The Sub-Saharan Africa region includes 49 of the 54 African nations, thus all countries except for the five Arabic states on the Mediterranean Sea.

THE AbTF FAMILY OF STANDARDS

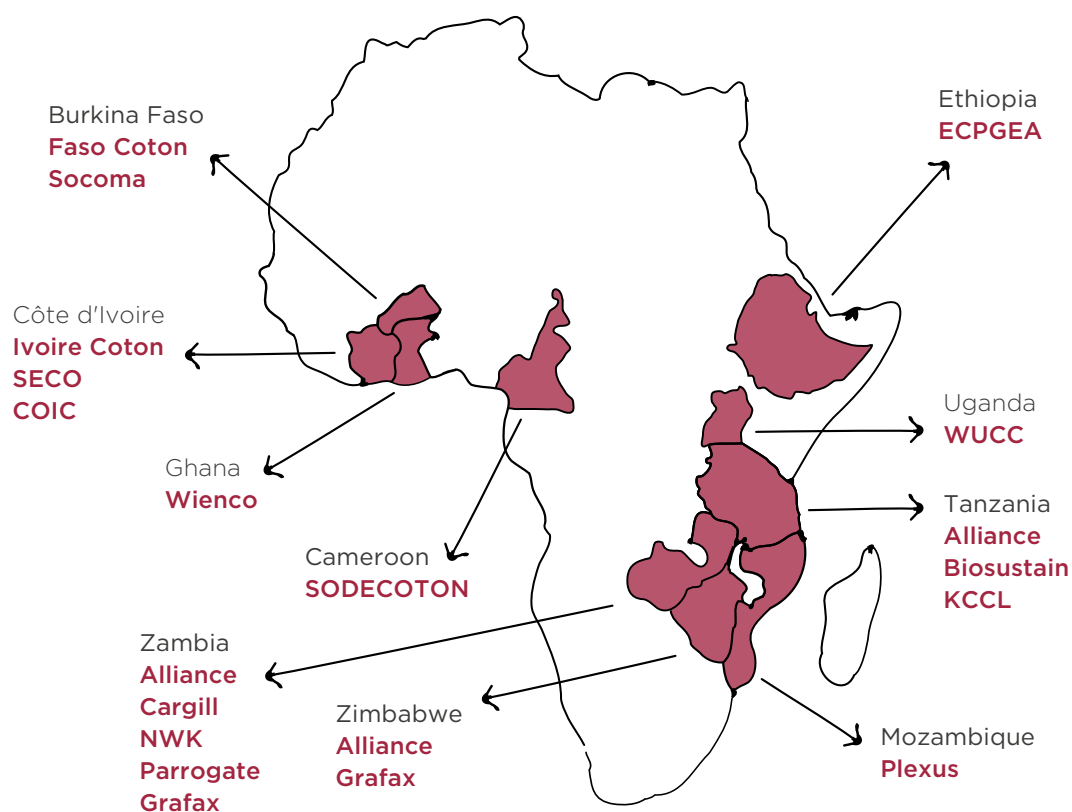


// The CmiA-Organic Standard supplements the recognized criteria of organic farming (EC No. 834/2007 and GOTS) by the CmiA social and economic sustainability criteria.

// The Sub-Saharan Cotton Standard (SCS) differs from the CmiA standard in its neutrality with respect to the use of genetically modified seeds. This is prohibited in the CmiA standard according to exclusion criterion No. 14.

// SCS certified cotton is only produced in Burkina Faso and sold exclusively through the partnership with the BCI in its channels.

AbTF PARTNER COMPANIES IN SUB-SAHARAN AFRICA





MONITORING AND EVALUATION

CmiA has collected a large volume of data thanks to its long-standing participation in the Competitive African Cotton Initiative (COMPACI) implementation program and own certification missions. While these data have so far been used primarily to satisfy indicators, they will be increasingly used in the future to develop a strategic learning process. CmiA implemented different measures in 2016 to lay a solid foundation for this process. For example, experts from the organization “Data Science for Social Good” organized and processed current data. Together with the management company Accenture, efforts to implement the Salesforce CRM system were launched to merge the data and evaluate them strategically. Both projects were carried out on a pro-bono basis. The quantitative data will be used to optimize offers for cotton farmers on an ongoing basis and to learn from their own interventions to more clearly communicate the effectiveness of the corporate partners’ commitment and facilitate creating their own strategy based on evidence. In addition, the strategic data-driven learning process is necessary to meet the requirements for membership in the International Social and Environmental Accreditation and Labelling Alliance (ISEAL), an umbrella organization for sustainability standards which the Aid by Trade Foundation is pursuing as a goal.

DIE COTTON HOUSE AFRICA gGmbH AS SUCCESSOR TO COMPACI

The COMPACI program, which was co-financed by the AbTF, came to completion at the end of 2016. At the same time, the foundation set up Cotton House Africa gGmbH based in Hamburg together with the management consulting company GFA to transfer expert knowledge as well as training material and concepts by COMPACI for training smallholders into a suitable successor organization. The AbTF holds two-thirds and the GFA one-third of the stake in Cotton House Africa gGmbH. The aim of the new foundation is to ensure the high quality standard in implementing Cotton made in Africa at the local level and maintaining an excellent working relationship with the cotton companies.

The thorough preparation work for founding the CHA was supported and co-financed by the Accenture Foundation, the African association ACTIF, and the European Union. The final concept was presented to stakeholders in its entirety for the first time at the stakeholder conference 2016 in Munich, Germany.

On September 30, 2016, Christoph Kaut stepped down as managing director of AbTF and now serves as managing director to Cotton House Africa GmbH. Tina Stridde is thus the sole managing director of AbTF.

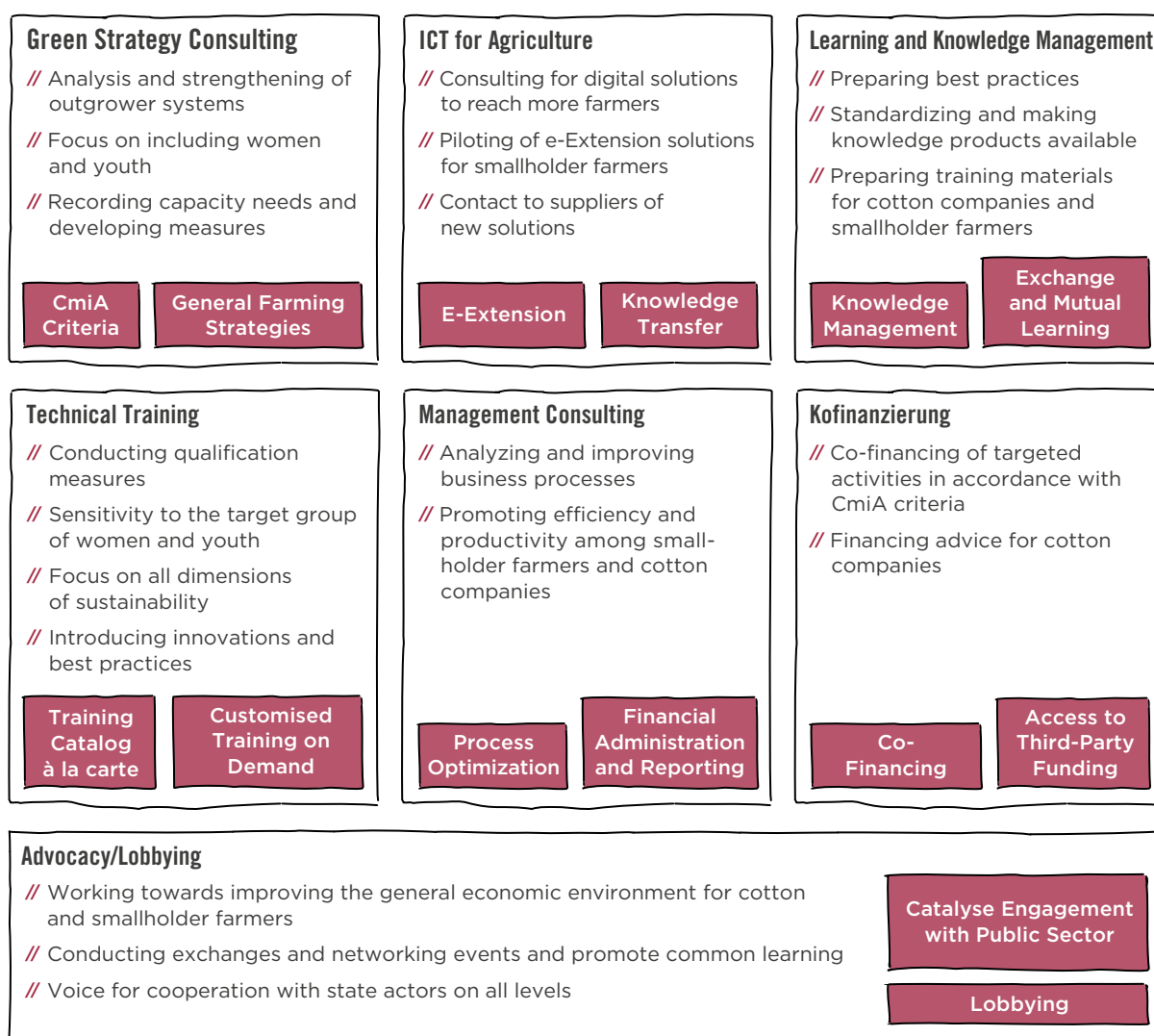


ORGANIC PESTICIDE PROJECT

Launched by the AbTF in 2015, the project on plant-based organic pesticides in South and East Africa made initial progress in 2016. The goal of the project, which is financed by the C&A foundation, is to identify locally available plants with

insecticidal properties. An additional aim is to promote knowledge about organic pesticides and their subsequent use among CmiA farmers. In 2016, all seven partner companies in Tanzania and Zambia completed initial tests on the effectiveness of previously identified plants. They were assessed in workshops and with the assistance of the Cotton Development Trust research organization. The results are used as a basis for conducting activities with partners in the 2016/2017 growing season.

AREAS OF ACTIVITY OF COTTON HOUSE AFRICA gGmbH



THE CmiA CERTIFICATION SYSTEM



CmiA sets specific sustainability requirements for growing and processing cotton in the participating African partner countries that have been laid out in the CmiA standards.

A multistage certification system is used to check compliance with the standards. The system initially includes a set of exclusion criteria. Anyone who does not meet the criteria may not participate in the program. Among other things, these include exclusion of child labor, observance of the core labor standards in accordance with the conventions of the International Labour Organisation (ILO), and prohibition of the use of genetically modified seeds. It also stipulates that no pesticides may be used which are considered particularly critical according to international agreements. There are also sustainability criteria alongside the exclusion criteria. Although they do not need to be met immediately, participants commit themselves to developing improvement plans and demonstrate their progress in meeting the criteria.

COTTON WITH SOCIAL, ECOLOGICAL, AND ECONOMIC ADDED VALUE

Some 20 million people live directly or indirectly from cotton production in Sub-Saharan Africa. Depending on the country, they contribute to between 35% and 75% of income from agricultural exports. Cotton farming is therefore an important economic factor in Africa and plays a key role in the fight against poverty. A large proportion of African cotton is produced by smallholder farms. They have a hard time competing on the global market against industrialized competitors on other continents. Smallholder farmers struggle with low productivity rates and poor infrastructure, and feel the effects of fluctuating global market prices directly. Cotton made in Africa is committed to improving the living conditions of smallholder farmers and their families on a long-term basis while at the same time promoting eco-friendly cotton production by offering them training in agriculture and business.

OUTLOOK

Revision of the CmiA standard to volume 4 has almost been completed. Significant changes include the restructuring of the criteria in the four sustainability pillars "People", "Planet", "Profit", and "Management". In addition, new aspects will be included in the sustainability criteria such as training courses on organic pesticides, water management, biodiversity, etc.



FERNAND SADOU

Head of Training and Continuing Education
Société de Développement du Coton
du Cameroun (SODECOTON), Cameroon

The fact that children help out with some activities such as harvesting in the field is still quite normal in Cameroon. That is why training offered by CmiA also critically confronts child labor. “We began raising awareness for this issue among our farmers before our partnership with CmiA,” Sadou explains. “Nevertheless, it is good to emphasize repeatedly how important it is for children to go to school and spend less time in the fields.” There is also a

As Head of Training and Continuing Education at SODECOTON cotton company in Cameroon, Fernand Sadou is responsible for organizing training in which farmers participate through the partnership with Cotton made in Africa. “A lot has changed for us since training started being offered,” says Sadou. “The farmers have learned how to best plan the season in advance, calculate their income and revenue, and take stock from the previous season. They are now in a position to estimate exactly how much they need to plant in order to achieve the desired yield with their harvest. Moreover, they are able to budget themselves much better with their income and profits.” In addition, the farmers were able to increase their crop yields thanks to the training courses. “They used to achieve an average of 800 kg/ha, this season it will be about 1300 kg/ha,” Sadou points out.

CmiA’s program also includes gender training aimed at promoting the advancement of women and girls as well as equality between men and women. As part of the training, numerous women’s groups have already been formed at SODECOTON. There women have been able to generate additional sources of income beyond growing cotton, for example by growing soy and raising sheep. “The women are very satisfied with the results,” states Sadou. “Many of them use the extra money they earn to pay their children’s school fees.”

The farmers have learned how to best plan the season in advance, calculate their income and revenue, and take stock from the previous season.

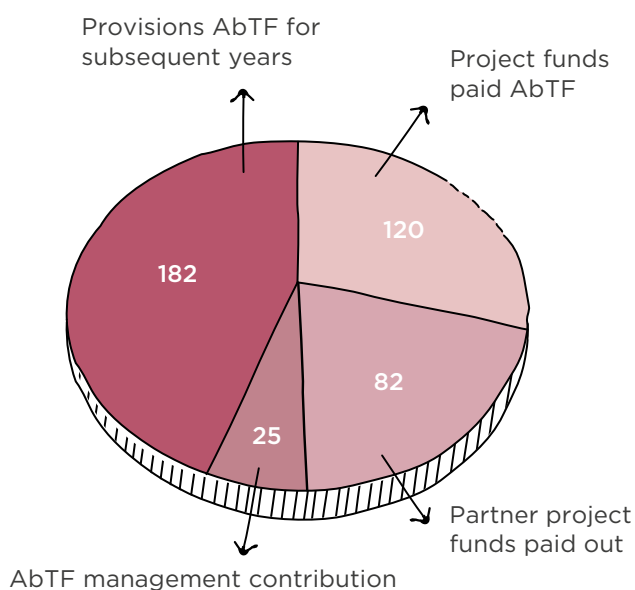
training module on the topic of nutrition. The farmers learn how to eat a balanced diet and its advantages for their family. This enables them to cultivate their fields specifically for this purpose. Sadou believes they are an enrichment to the program, “So far I have received only positive feedback on the new modules.”



SOLIDARITY FOR SUSTAINABLE DEVELOPMENT

Cotton made in Africa's commitment goes far beyond support for growing sustainable cotton in Sub-Saharan Africa: The initiative supports local people through projects to improve their lives and shape their future successfully by forming close alliances with business partners, cotton companies, non-governmental organizations, and partners from the public sector. The first CmiA cooperation projects (PPP) were launched in 2009 and have already been successfully concluded or are about to be completed. In 2015, all previous PPP cooperation projects were transferred to the new CmiA Community Cooperative Program (CCCP). This requires cotton companies to submit a project proposal with their own ideas for a CCCP in their region for approval. Of the initial project proposals, eight qualified for funding in 2016.

Cooperation projects in 2016, figures in EUR thousand



COOPERATION PROJECTS 2016

Ethiopia – solar power for farmer training centers

In August 2016, a CCCP project was launched in Ethiopia through the CmiA partner ECPGEA to supply solar power to ten training centers for farmers. The aim is to be able to conduct further training after sunset and to use audiovisual media while doing so. The project benefits 1,000 CmiA farmers and some 50,000 villagers. Due to the turmoil in Ethiopia in the second half of the year, implementation of the project had to be suspended for several months, thus postponing project completion originally planned for March 2017.

Joint implementation
with partners
ECPGEA, AbTF

Total budget
17,000 EURO

Côte d'Ivoire – Access to drinking water

In September 2016, the CmiA partner COIC began implementing a CCCP project on drinking water supply and food security in Côte d'Ivoire. By creating four new wells, four village communities were provided with access to drinking water for domestic use and for their livestock. The project benefits around 6,300 people including residents from surrounding villages. Due to restructuring measures in Côte d'Ivoire's cotton sector, implementation of the project has been delayed. Completion is now scheduled for July 2017.

Joint implementation
with partners
COIC, AbTF

Total budget
26,000 EURO

Côte d'Ivoire – Funding women's projects

As part of the PPP project launched in the Côte d'Ivoire in 2012, a total of 51 women's cooperatives with 4,654 members were able to receive support by the CmiA partner Ivoire Coton. Seeds, tools, and other materials were made available to the women for cultivating vegetable crops. In addition, they were trained in improved methods for growing vegetables so that they could increase their yields and thus sell more goods on the market. The project was successfully completed in June 2016.

Joint implementation
with partners
C&A, Ivoire Coton,
DEG, AbTF

Total budget
100,000 EURO

Côte d'Ivoire – Improving health care

A CCCP project to improve health care in Ouangolodougou was approved for the CmiA partner SECO in Côte d'Ivoire at the end of 2015. By creating a new health care center with a small pharmacy, the village community will be given access to basic health care. Due to restructuring measures in the country's cotton sector, implementation of the project was postponed from the end of 2016 to April 2017. The project will benefit about 5,000 people living near the health care center.

Joint implementation
with partners
SECO, AbTF

Total budget
23,000 EURO

COOPERATION PROJECTS 2016

Mozambique – Drinking water, sanitary facilities, and hygiene (WASH)

Since its launch in 2015, the PPP project in Mozambique has been instrumental in improving hygienic conditions as well as sanitary facilities and drinking water supply in 16 communities in the Cabo Delgado district. Through the CmiA partner CARE Mozambique, 16 wells were drilled or repaired and latrines were built in 16 schools. The project was successfully completed in August 2016.

Joint implementation
with partners

OTTO, Plexus,
CARE Mozambique,
DEG, AbTF

Total budget
300,000 EURO

Zambia – Funding women's projects

Implementation of the CCCP project on the advancement of women with the CmiA partner Alliance in Zambia began in May 2016. Its aim is to provide an additional source of income for a group of female farmers by breeding chickens. In addition, the project will contribute to ensuring food security for the 40 families as well as over 800 people in the village community. The project is scheduled for completion in July 2017.

Joint implementation
with partners
Alliance Ginneries Ltd.
Zambia, AbTF

Total budget
14,000 EURO

Zambia – Funding women's projects

The CmiA partner CGL Parrogate also began implementing a CCCP project on the advancement of women in Zambia in May 2016. The goal of this project is to generate additional income for a group of female farmers by breeding goats and to improve food security for 31 families as well as the village community of around 450 inhabitants. The project will be completed on schedule in July 2017.

Joint implementation
with partners
CGL Parrogate, AbTF

Total budget
15,000 EURO

Zambia – Funding women's projects

In August 2016, the CmiA partner Cargill Zambia began implementing another CCCP project on the advancement of women. Its aim is to improve the income of two groups of female farmers by keeping bees and through the purchase of an ox along with a cart. The project benefits 45 families with a total of about 275 family members and the surrounding village community. The project is scheduled for completion in September 2017.

Joint implementation
with partners
Cargill Zambia, AbTF

Total budget
12,000 EURO

Zambia – Drinking water, sanitary facilities, and hygiene (WASH)

In June 2016, the CmiA partner NWK in Zambia began implementing a CCCP project to improve the hygienic situation as well as sanitary facilities and drinking water supply in four villages to benefit a total of 4,000 people. The project includes drilling four wells, building 40 latrines and conducting numerous training courses on hygiene for the villagers. Due to unsuccessful drilling activity, scheduled completion of the project will be likely postponed to August 2017.

Joint implementation
with partners
NWK, AbTF

Total budget
100,000 EURO

COOPERATION PROJECTS

Zambia – Funding women's projects

In September 2015, the CmiA partner CGL Parrogate Zambia began implementing four small projects to aid four groups of female farmers. Two small sales stands for selling clothing and food-stuffs were set up and two oxen with a plow and cart for agricultural services were bought along with 20 goats for breeding. The projects benefit a total of 122 female farmers and their families including about 7,000 inhabitants from the four village communities. The four small projects were successfully completed between March and November 2016.

Joint implementation
with partners
**Corman, CGL Parrogate,
AbTF**

Total budget
5,000 EURO

Tanzania – Improving health care

In June 2016, building work on a health care center to was completed by the CmiA partner Alliance Gineries Ltd. and will provide better medical care especially for mothers and HIV-infected people in the Kasoli township in Tanzania. The CCCP project was completed ahead of schedule in December 2016 and benefits almost 16,000 people. A request for funding for a follow-up project to drill wells for the health care center and neighboring villages has already been submitted.

Joint implementation
with partners
**Alliance Gineries Ltd.
Tanzania, AbTF**

Total budget
18,000 EURO

Zimbabwe – Drinking water, sanitary facilities, and hygiene (WASH)

As part of the PPP project on improving hygienic conditions as well as sanitary facilities and drinking water supply that was launched in 2015 together with the CmiA partners Welthungerhilfe and the Cotton Company Alliance, schools in 20 villages in the Gokwe South region received separate toilets for girls and boys. In addition, wells were drilled or rebuilt, and hygiene ambassadors trained in schools in which students learned about the importance of simple hygienic measures and were sensitized to the topic. The project will benefit a total of 5,000 students and parents and is scheduled for completion in September 2017.

Joint implementation
with partners
**Unito, Welthungerhilfe,
Alliance Gineries Ltd.
Zimbabwe, DEG, AbTF**

Total budget
320,000 EURO

The CmiA Community Cooperative Program (CCCP)

Together with its partners, CmiA implements a large number of projects through the CCCP in the CmiA cotton growing regions. The topics focus on education, the advancement of women, health promotion, and the environment. Participating cotton companies can also apply for funding. All projects are developed by certified local CmiA partners with the help of a needs analysis together with the village communities. An expert advisory board meets once a year to select the projects to be funded. The AbTF subsidizes 70 percent of the total cost of CCCP projects and the remaining 30 percent is financed by the cotton companies in the form of a personal contribution. This aspect of participation is also important especially in terms of sustainable success and general acceptance by the village communities even after projects have officially come to an end.



NANSOU COULIBALY

Equal Opportunities Officer
Compagnie Ivoirienne de Coton (COIC)
Côte d'Ivoire

It's not a rare sight to see women working in the cotton fields in Côte d'Ivoire. However, this is not necessarily a sign of emancipation. Traditionally, the fields belong to the head of the family who is usually the husband or the oldest son. The women do a large part of the work in the fields, yet do not have a say in making decisions since this is considered a man's job. Even the proceeds from harvests are retained by the husbands. Only recently has this tradition been questioned and is slowly starting to change. Nansou Coulibaly contributes a great deal to this transformation through her work.

*CmiA as made sure
that women have the
courage to criticize and
demand appreciation.*

The 42-year-old Ivorian has been an equal opportunity officer at the cotton company COIC in the north of the country since 2014 and is responsible for identifying unequal treatment of women in cotton farming and thus improve their position. Coulibaly's position was created with COIC's entry into the Competitive African Cotton Initiative. The fact that the company selected her for the job was a fortunate coincidence for her, "Before joining COIC, I worked for three years in a cotton cooperative as an agricultural consultant. While there, I met many women who worked just as hard as the men on the field but in contrast to them were considered as cost-free workers. They were not given any responsibility whatsoever and they were never included when it came to making decisions. At that time, I felt the need to do my part to resolving this problem."

Today, the COIC considers only the applicant's abilities and no longer their sex when filling vacant positions according to Coulibaly. In addition, the cotton company encourages women to take responsibility in the fields, take part in meetings, and take advantage of training opportunities. COIC now also hires women in the ginning plant where once exclusively men worked. "Many things have improved since then," says Coulibaly. "For example, our experience has shown that women in management positions often work more efficiently than men. Currently, nine women and eight men are employed in such positions. Approximately 60 women work in our ginning plants which is more than in most other cotton-producing countries. In general, the working environment has improved significantly. You could say that the men and women have quite different talents that they bring to us with a common goal in mind and also put to use."

According to Coulibaly, the biggest challenge for women and girls remains the fight against poverty, "That's why it's so important to create sources of income specifically for women. Measures such as small loans, which are specifically granted to women and women's groups, are helpful. This allows them to realize projects with which they can earn their own income." The Cotton made in Africa initiative, together with its commitment to COMPACT, has contributed greatly to improving the position of women in the country, "Thanks to the training courses, female farmers were able to create various additional income opportunities. They manage their activities and income autonomously, thus improving their living conditions on their own. In addition, they participate in all the meetings and training courses offered. CmiA has made sure that women have the courage to criticize and demand appreciation."

Coulibaly hopes that more and more cotton companies will employ equal opportunity officers in the future to continuously improve the situation for women not only in Côte d'Ivoire. She emphasizes, "At any rate there is a great need for it."

A GROWING DEMAND ALLIANCE FOR AFRICAN COTTON

In the reporting year, the partners of the cotton alliance created by Cotton made in Africa brought a total of some 50 million textiles with the CmiA seal to market. The Aid by Trade Foundation generated revenues of EUR 900,672 through the granting of marketing rights for the CmiA license to the marketing company ATAORA Fördergesellschaft GmbH, thus indicating an increase of 70 percent compared to the previous year. This growth is due in particular to a significant rise in revenue from licensing fees for the use of the CmiA brand by retailers and textile manufacturers to a total of EUR 1,484,546.

ATAORA was able to generate revenues of EUR 263,530 in 2016 from partnership agreements with the various companies in the textile value chain, such as cotton companies and cotton traders. In addition, the 61 CmiA partner spinning mills made payments of EUR 79,457 for their registration. On top of this, revenue from the partnership with BCI amounted to EUR 341,988.

CmiA gained an important new partner in the demand alliance in 2016 with the addition of Aldi-Süd. The sales volumes of existing customers like the

companies of the Otto Group also rose sharply. International customers were also able to greatly increase their earnings.

At the end of 2016, CmiA expanded its sales activities to cover the areas of textile leasing/rented textiles and workwear.

The distribution of the Cotton made in Africa license to international textile companies through the Supplier License Model continued to make good progress in 2016.

The distribution of the Cotton made in Africa license to international textile companies through the Supplier License Model continued to make good progress in 2016. A total of six suppliers were acquired to distribute their products with the CmiA label to their customers and to include the license fee for CmiA directly into the sales price. The total volume sold by these suppliers to European companies in 2016 exceeded a quantity of more than one million for the first time. Also in the future, CmiA will focus on gaining suppliers for the Supplier License Model.

The Supplier License Model

CmiA offers its partners different models to integrate the sustainable cotton into the value chain according to individual requirements. The Supplier License Model (previously known as the "Mauritian Model"), which was redeveloped in 2014, enables the textile company to make a direct agreement with the (African) suppliers on the procurement of sustainable textiles. This means that suppliers can label their products with the CmiA hang tag and/or woven label and thus offer their customers all the advantages associated with sustainable products. On the one hand, the Supplier License Model contributes to maintaining a higher value added on the African continent. At the same time, it gives European and North American textile companies security in purchasing from suppliers who are familiar with their requirements and able to reliably sell sustainable products.



THE TRACKING SYSTEM

Further development of the CmiA tracking system reached the next stage in 2016 as planned. Already since 2007 the system has made it possible for partner companies of the initiative to completely trace the raw material across the entire chain from the field to the ginning plant right through to the spinning mill. Since 2015, companies have been able to enter their order data and other relevant information directly into the system. In the year under review, CmiA has now made it possible for the partners to enter the shipment of their CmiA products individually into the system and to track them directly. Customer access was set up in the system for this purpose. It allows traders to compare the yarn sales of the various markets with their own sales volumes from CmiA and thus manage the flow of goods. CmiA will be able to grant all interested partners this optional access.

In the year under review, a total of 65,200 tons of CmiA and SCS cotton were sold directly by cotton traders as well as through the partnership with BCI around the world.

BETTER COTTON INITIATIVE (BCI)



The AbTF concluded an open-ended partnership agreement with the BCI on cooperation in marketing CmiA and SCS cotton as early as mid 2013. In 2016 CmiA- and SCS-certified cotton was also marketed as BCI cotton. Practical cooperation in the areas of child labor, toxicity index for pesticides, and impact monitoring was also further pursued.

In the year under review, approximately 50,000 tons of CmiA and SCS cotton were delivered to BCI's value chain. The contractually agreed payments to the AbTF amounted to EUR 341,998 (2015: EUR 258,136). The positive trend results from the fact that more BCI cotton was registered at the textile retailer level and thus the associate payment of volume-based fees to the BCI increased.

FAIRS AND OTHER ACTIVITIES

There are intensified activities on the African market whose goal is to benefit from the growing interest of international trading companies. The local textile industry has set out to adapt its offerings and output capacity to the needs of potential trading partners. Egypt, for example, has started efforts to combine its market know-how and the country's export friendly infrastructure with the emerging textile industry of countries in Sub-Saharan Africa in order to benefit more from the general interest of European textile companies for the production site Africa. For CmiA, a growing textile industry in Africa is a key aspect of sustainable development for the continent. Since a large part of the added value remains in Africa, the countries' gross national product is improved and the younger population in particular are given the opportunity to find qualified jobs even outside of the agricultural industry. The textile sector plays the role of a "pioneer industry". For this reason, CmiA was actively involved in African textile trade fairs such as "Destination Africa" in Cairo again in 2016.

In order to gain new partners for the demand alliance, CmiA also presented itself in Germany at the Heimtextil Frankfurt (the international trade fair for home and contract textiles) in January and at the Ethical Fashion Show during the Berlin Fashion Week in July.

CmiA also organized supply chain workshops in Bangladesh, India, Istanbul, Hong Kong, China, and Egypt in which the local added value chains were informed about implementation of the CmiA standard.

TEXTILE ALLIANCE

As an official signatory to the Alliance for Sustainable Textiles, the AbTF has been actively involved in working groups on communication, implementation, and natural fibers. Cotton made in Africa is a recognized standard for sustainable raw materials among the textile alliance.



Improving market access for African smallholder farmers

Cotton made in Africa supports its business partners in integrating socially and ecologically sustainable cotton into the downstream production stages worldwide. In this way, the partners can thus achieve their business sustainability goals without compromising their own value chain that has been optimized in terms of costs and time.

Partners in the demand alliance explicitly have a demand for CmiA-produced cotton from Sub-Saharan Africa and use it in their products. In turn, they pay a small license fee to the initiative. These fees are then reinvested in the project regions. They go towards co-financing training courses in agriculture, certifying compliance with the standards, and in cooperation projects in the cotton growing regions.

THE FOLLOWING COMPANIES WORKED
WITH CmiA IN 2016:



G. GÜLDENPFENNIG

OTTO



BAUR



bon
prix
it's me!



REWE

celio*

JACK JONES®

s.Oliver

Crate&Barrel



Schwab



Kid

tex i idea



UNITO
A member of the otto group





BOB AKEDE

Lead Auditor
AfriCert, Kenia

AfriCert is one of three independent certification companies operating in Sub-Saharan Africa on behalf of Cotton made in Africa. They monitor whether the cotton companies and their smallholder farmers comply with the criteria of the CmiA standards. AfriCert currently has 23 full-time auditors. Seven of them were trained for CmiA certification, including Bob Akede as lead auditor. “In addition to cotton, I also audit cocoa, tea, rooibush, and coffee according to standards such as Ethical Tea Partnership, Sustainable Agriculture Network, UTZ, and Café Practices,” explains the agricultural scientist. He has worked for AfriCert since 2008. Akede has already conducted about 48 audits in nine countries for CmiA. He knows, “These type of certification audits conducted by independent third parties are essential to ensure that environmental and social standards are respected at the local level and also in order to provide credible evidence to the stakeholders.”

Akede is satisfied with the commitment the cotton companies show in fulfilling the criteria of the CmiA standard. However, he believes that there is still room for improvement in particular in those organizations who have only been a CmiA partner for a few years. “I think it’s a good thing that the Aid by Trade Foundation pays certification costs for the cotton companies,” he says. “However, this could come at the expense of motivation and commitment among individual partners. This is an area we need to keep a watchful eye on.”

In general, Akede sees improvement in all countries when it comes to compliance with the CmiA criteria. It helps that some exclusion criteria are already clearly defined by legal regulations. These include, in particular, topics such as human trafficking, forced labor, and debt bondage as well as the use of irrigation systems for growing cotton and the use of genetically modified cotton seeds. “Yet many sustainability criteria are also easily adhered to,” stresses the auditor. “These include, for example, pre-financing seeds and pesticides by the cotton company, punctual payment to farmers for cotton harvested, the option of collective bargaining, and the written employment contracts for workers in the ginning plants.” According to Akede, the main reason for good compliance is that these criteria are directly linked to the core business of the companies.

“CmiA has now gained tremendous importance in the producing countries,” says Akede. “The farmers now regularly take part in training sessions where they can learn a great deal about good agricultural practices and thus boost their productivity which in turn increases their yields and protects the environment for future generations. Even the workers in the ginning plants have also benefited greatly from the progress that the initiative has achieved so far. They now have legal contracts and social security, work in a safer working environment with personal protective clothing, and washing and dressing rooms have been installed.”

CmiA has now gained tremendous importance in the producing countries.

Thanks to CmiA, cotton companies which have already been certified for a longer period of time are experiencing enormous progress. “In general, they make the smallholder farmers aware of good agricultural practices,” says Akede. There have also been significant improvements in the areas of security, occupational safety, and compliance with legal regulations on ginning plants.

And what could be better in Akede’s opinion? “Of course there’s always room for improvement,” he admits. “One idea would be to expand the training model in order to better understand the extent to which the farmers have actually internalized the training content. The supply of personal protective clothing can also be expanded. There is also some room for improvement when it comes to integrated pest control to ensure that even lower levels of chemical pesticides are used.” Overall, ongoing training and awareness-raising efforts have led to a real shift in attitudes.



WEAR A SMILE WITH COTTON MADE IN AFRICA

The Aid by Trade Foundation launched a “movement” for Cotton made in Africa together with the business philosopher Dominic Veken in the year under review. The aim is to help the brand achieve maximum attention among consumers without a large budget for communication measures. The tonality in the communication of CmiA was intended to be more easily accessible, with a change from “compassion” to “passion” as the goal. To do so, the initiative, in collaboration with the agency ORCA, developed the slogan “Wear a smile” and various advertising media. In the truest sense of a real “movement”, the aim was to get as many partners as possible involved and actively participate in this campaign. CmiA launched a roadshow in 2016 to introduce the movement to the various retailer and NGO partners and at the same time to get them actively involved.

The main time frame for the promotions will take place in 2017.



ARD DOCUMENTATION FOLLOWS THE TEXTILE CHAIN RIGHT THROUGH TO THE CmiA GROWING REGIONS

The collapse of a textile factory in Bangladesh in 2013 raised the world’s attention to the current state of affairs in the textile chain. The fact that there are also positive examples is shown by two documentaries commissioned by the ARD to which CmiA also contributed. During filming, a film crew followed the path of cotton from the field in Africa to the finished product in order to offer a critical look at the process chain. In Uganda, the team documented the working conditions of smallholders in the cotton fields and the factory workers in the ginning plants associated with CmiA. The result was a documentary entitled “Mode schlägt Moral – wie fair ist unsere Kleidung?” (Fashion beats morality – how fair are our clothes?) that was broadcast twice on the public-service broadcasters in November 2016, with the premiere seen by 1.23 million viewers. In addition, CmiA was again portrayed in the documentary “Cotton from Africa” which was broadcast as part of the program “W wie Wissen” (K as in Knowledge).

BRAND AMBASSADOR LAURA CHAPLIN

The 2016 initiative was able to gain a prominent ambassador to the label Cotton made in Africa with the fashion designer Laura Chaplin, the granddaughter of Charlie Chaplin. Laura Chaplin grew up on her grandfather's estate in a privileged, artistic environment, consciously using her famous name to support organizations such as CmiA. As CmiA ambassador she is a strong advocate for African smallholder farmers and their families. Laura Chaplin and the initiative joined forces for the common goal of developing good and sustainable opportunities for the future for everyone in the world. The people of Africa should have access to good living conditions in their own country so they do not have to leave their homeland to fulfill their dreams of leading a better life.



EVENTS

The annual CmiA Stakeholder Conference took place for the tenth time between 19 and 21 October in cooperation with COMPACI. In Munich, more than 120 representatives from cotton companies, processing companies, retailers, development organizations, environmental associations, and foundations share their experiences in cotton farming, smallholder farming qualification measures, instruments and methods for measuring the impact, processing and distribution of CmiA cotton.

Fashion for Teams is the new one-stop shopping service for procuring sustainable textiles and a product of ATAKORA Fördergesellschaft GmbH. In 2016 Fashion for Teams went live with their own website fashionforteam.com. In June, the service presented itself for the first time at the Ethical Fashion Show in Berlin with its own stand. The show brings together the top players from the eco-fashion segment and is part of the Berlin Fashion Week.

In October 2016, CmiA presented itself at the Annual Conference of the Initiative Textile Exchange in Hamburg. Around 300 international visitors were given an in-depth look at the work CmiA does. Some 80 percent of them were representatives from textile companies and thus potential new customers of the initiative.

SOCIAL MEDIA

Cotton made in Africa has boosted its social media presence and joined Instagram at the end of 2016. A steadily growing number of followers can now receive the latest on background information and news from the world of CmiA on Facebook, Twitter, and Instagram.





COMMUNICATION PROJECTS FROM AND WITH PARTNERS

In the summer of 2016, the OTTO company focused on the topic of sustainability in its communication in a 360° campaign that lasted several weeks. At the heart was an emotional TV commercial about CmiA. The commercial ran on all major channels in the early evening program as well as during prime time for a total of six weeks in August and September. In addition, OTTO presented CmiA in an animated explanatory video on all social media channels such as YouTube and Facebook and with a press release in all relevant media. During the campaign period, the CmiA site on otto.de was accessed 48.732 times and specific search queries on search engines such as Google rose sixfold. OTTO helped boost awareness for the CmiA label in Germany with these communication measures. An omnibus survey conducted by the market research company IPSOS showed that the measured supported popularity of CmiA among German consumers had risen by six percentage points as a result of the broadcast.

As part of the 360° campaign, OTTO also provided information about the successful completion of the water and sanitation project in Mozambique. CmiA carried out the project together with CARE Mozambique, the local cotton company Plexus and Deutsche Investitions- und Entwicklungsgesellschaft (DEG) with funds from the German Federal Ministry for Economic Cooperation and Development (BMZ). The partners invested a total of EUR 300,000 to

provide more than 50,000 people in 20 villages with access to fresh drinking water for the first time. They also benefit from hygienic measures as a prerequisite for improved living conditions.

The Tchibo company has also expanded its sustainability communication, giving it a more unique identity and improving the recognizability for the consumer thanks to “well done” overall communication.



An interactive world map points out Tchibos commitment, among other things, in the CmiA cotton growing areas such as Ethiopia and Zambia. A commercial on sustainability informs customers about what lies behind “well done” and also shows scenes portraying CmiA smallholder farmers.

Once again the Aid by Trade Foundation received a donation by the Zukunft gGmbH initiative. The donated sum resulting from proceeds from the “Platz schaffen mit Herz” (Make room with heart) project amounted to EUR 36,000 and will support the work of the AbTF in the project areas.



ROSALIE DASNA

Farmer
Société de Développement
du Coton du Cameroun
(SODECOTON), Cameroon



Rosalie Dasna is one of the female farmers who works at the SODECOTON cotton company in Cameroon. Her work helps contribute to the livelihood of her family which includes her husband and nine children. Over the past few years, the 40-year-old has already taken part in a number of farmer business school training courses. With the help of the teaching material provided by COMPACI, this course provides an overview of how to plan cultivation for the fields before the start of the season. “Thanks to the training I am now able to calculate in advance roughly which expenses I will be confronted with during the course of the year,” she explains. “This not only gives me and my family more security but also makes it possible to achieve a much better harvest than before.” The training courses teach farmers the benefits of organic fertilizer and how to best use it. “Since we now have to buy fewer chemical fertilizers, this

leaves more money in our pockets,” the family’s mother said. “We can now pay our children’s school fees and buy them decent clothing. We

*Since we now have to buy
fewer chemical fertilizers,
this leaves more money in
our pockets*

were even able to make initial investments. However, the additional revenue is also a benefit to our health since we can now eat a better and more balanced diet.”

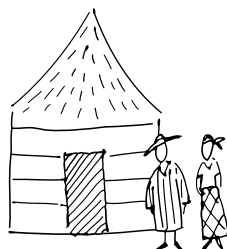
THE YEAR 2016 IN FIGURES

CmiA IN 2016 *



20

Cotton Companies



780,000

Verified smallholders



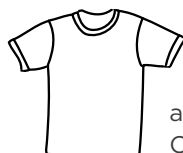
5,984,000

Family members



18%

of all farmers
are female



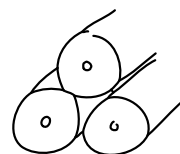
around **50** million
CmiA textiles on the market

Around **30%**
of African cotton
production is CmiA
certified

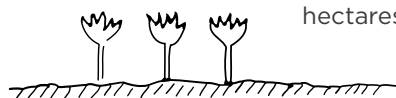
320,100

Total CmiA cotton harvest
(ginned, in mt)

69



CmiA spinning mills
and textile manufacturers

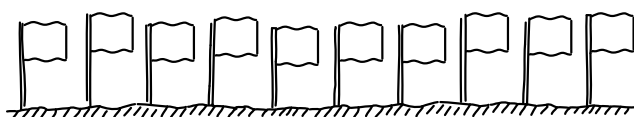


1,182,000

Farming area in
hectares

13

Cotton
traders



10

Growing
countries

Around **30**

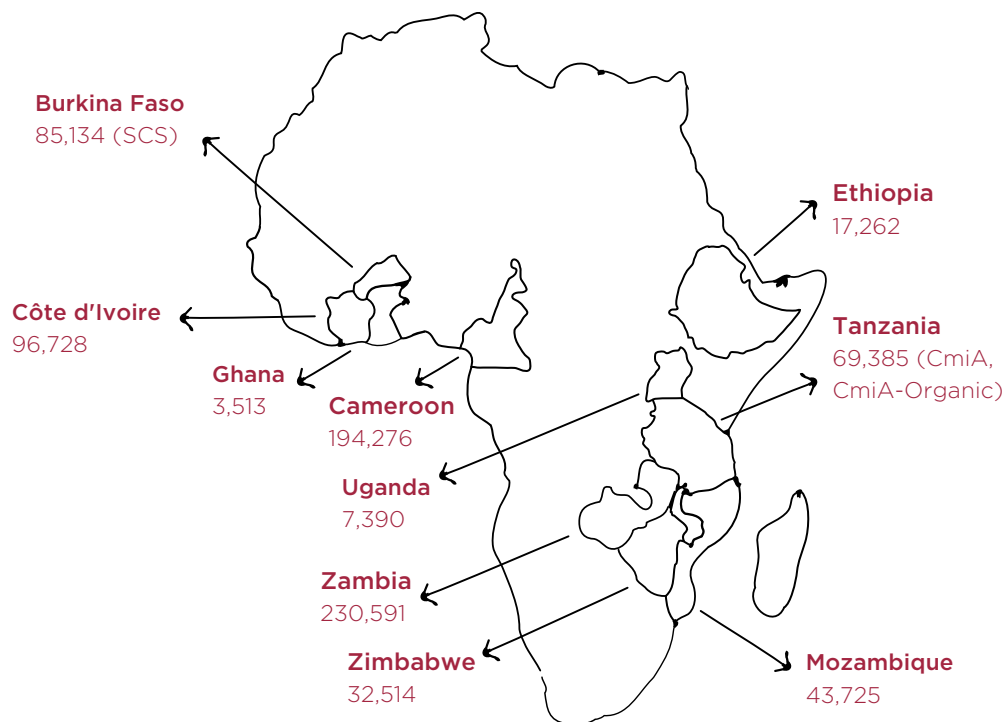
CmiA trading partners



*All data include CmiA, CmiA-Organic, and SCS



PARTICIPATING SMALLHOLDER FARMERS AND COUNTRIES FOR CmiA, CmiA-ORGANIC, AND SCS



TEAM



GERLIND BÄZ

Administration & Finances,
Event Management
With CmiA since 2013



CHRISTIAN BARTHEL

Director – Supply Chain
Management
With CmiA since 2007



CHRISTINA BEN BELLA

Marketing, Communication
and Sales Project Manager
With CmiA since 2010



CHRISTOPH KAUT

Managing Director
Aid by Trade Foundation
With CmiA since 2007



SABINE KLEIEWIESE

Director Finance &
Controlling
With CmiA since 2007



ALEXANDRA PERSCHAU

Development Policy
Project Manager
With CmiA since 2014



ANNA RÜCHARDT

Student Trainee
With CmiA since 2016



**MARIA-VERENA
SPOHLER-KOHOH**

Development Policy
Junior Project Manager
With CmiA since 2016



TINA STRIDDE

Managing Director
Aid by Trade Foundation
With CmiA since the beginning

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The Aid by Trade Foundation Board of Trustees consists of a minimum of six and a maximum of twelve members. As of December 31, 2016, the Board of Trustees included the following people:



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James Shikwati Shikuku
Director of the Inter
Region Economic Network
(IREN Kenya)



Dr. Till Wahnbaeck
Secretary General of
Deutsche Welthungerhilfe

In 2016, Baroness Lola Young of Hornsey (a member of the House of Lords) resigned from the Board of Trustees.



AID BY TRADE FOUNDATION

The Aid by Trade Foundation was established in 2005 by Hamburg entrepreneur Dr. Michael Otto and has been acting independently of the Otto Group ever since. Its goal is to help people to help themselves through trade, thereby preserving vital natural resources and securing the livelihoods of future generations.

The Aid by Trade Foundation is the umbrella organization of Cotton made in Africa and achieves its goals through this initiative.

Aid by Trade Foundation

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