



COTTON MADE IN AFRICA

Annual Report 2017

IMPRINT

Publisher

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Design

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Printing

Online-Druck GmbH & Co. KG
<http://www.online-druck.biz>

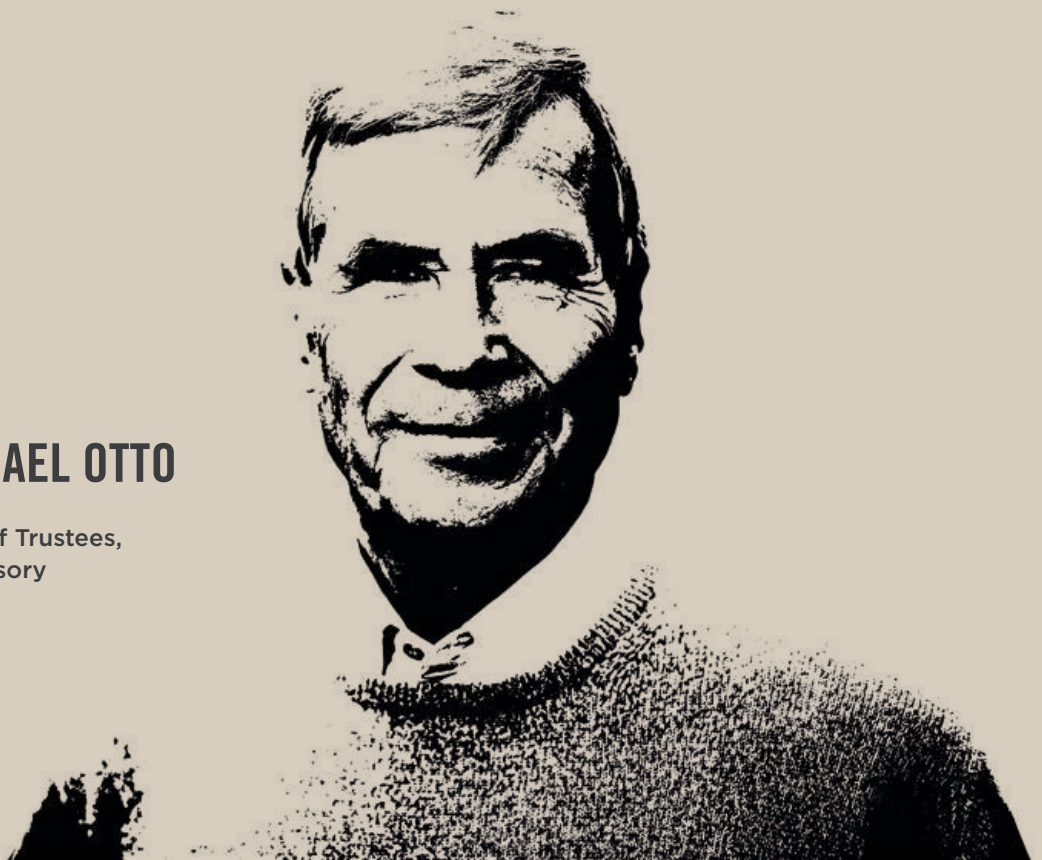
This report is also available in German and can be downloaded at
<http://cottonmadeinafrica.org/en/materials/annual-reports>

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PROF. DR. MICHAEL OTTO

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



Just how valuable nature is for humankind always becomes visible to us when we are able to enjoy moving experiences of nature: the sight of a herd of elephants roaming through an African steppe landscape, buffalo migrating to far-away water-holes, or the mighty spectacle of the Victoria Falls as the Zambezi plunges thunderously into the depths. Yet not only these extraordinary, exotic impressions show us the value of nature but also those small, everyday things in our latitudes, such as a blossoming fruit meadow in spring or the flight of cranes in fall.

An intact nature is elementary for humanity. It is our habitat, place of rest and retreat, and an existential prerequisite for our physical and mental well-being.

Yet, the importance of nature and biodiversity reaches far beyond this purely aesthetic-emotional view. Intact ecosystems form a valuable natural capital that provides numerous services to people and thus makes a very significant contribution to our national economies. These services seem to be available to us in unlimited quantities and free of charge – for example, when we think of supply services such as the provision of drinking water, regulatory services such as the filtering functions of soil layers, or the reduction of flood hazards from floodplains. If insect pollination of crops was measured and evaluated on a financial scale, it would amount to USD 153 billion per year. This is the value of all agricultural products that can only ripen from insect pollination. This service has a very high value, but no price for us.

However, a resource can only be used in the long term if we reinvest in its capital stock and thus preserve it. In order to make the value of nature and its services comprehensible and to preserve it according to its great importance, it helps to look at nature as an economic good. It is therefore necessary to invest in this value in order to maintain its functionality. To do so, everyone who uses nature's resources to meet their needs, both companies and consumers, must be sensitized to the sustainable management of global ecosystems and act accordingly.

At the same time however, one thing is also obvious: Ecosystems are being put under increasing pressure each day, species disappear irretrievably from our planet, up to 32,000 tons of waste are washed into the oceans, and we lose 35,000 hectares of forest. This acute threat to nature is associated not only with the loss of habitat for humans and animals but also with major economic damage. The protection and sustainable use of ecosystems is therefore not only a social and moral obligation but also an economic task.

With the Cotton made in Africa initiative, the Aid by Trade Foundation and its partners are making an important contribution to preserving the environment in cotton growing regions in Africa. For example, the exclusion criteria of the Cotton made in Africa standard stipulate that primary forests may not be cut down to grow cotton on the land, national parks and other protected zones are explicitly recognized and protected, and the use of genetically modified seeds and many pesticides is prohibited. Completely abstaining from the use of artificial irrigation for cotton growing significantly contributes to saving the precious resource water.

In addition to the necessary exclusion criteria in the Cotton made in Africa Standard, the initiative also focuses on introducing sensible, sustainable alternatives to conventional methods. A wonderful example of such an ecologically and economically sensible project is the use of organic pesticides, which in many regions of Tanzania and Zambia have already made the use of conventional chemical pesticides superfluous. Instead, the use of organic pesticides is not only an environmentally friendly alternative but the plants needed for their production are also available free of charge all around the villages and can be further processed by the smallerholder farmers on site with simple machines and tools.

*“A resource can only be used
in the long term if we
reinvest in its capital stock
and thus preserve it.”*

Cotton made in Africa directly contributes to protecting nature on the African continent by teaching environmentally friendly farming methods and training smallholder farmers. The loss of basic ecosystem services is also particularly evident here: smallholder farmers and their families are directly affected by the negative consequences of climate change, salinization of soils, or loss of clean water sources. The declared aim of Cotton made in Africa is to promote and protect these people and their livelihoods in a sustainable manner.

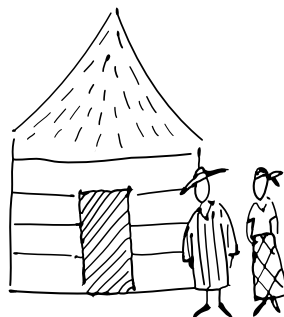
I am very pleased that the successful partnership with cotton organizations, companies, NGOs, and the public sector again strengthened the work and effectiveness of the initiative last year and thus, made a significant contribution to achieving these goals.



THE YEAR 2017 IN FIGURES



18
cotton
companies



1,033,500
certified smallholders

Around **40%**
of African cotton
production is
CmiA certified



17%
of all CmiA farmers
are female

11,100 

CmiA factory workers in
cotton ginning plants



Average acreage per farmer (in ha) **1.56**

14
cotton traders



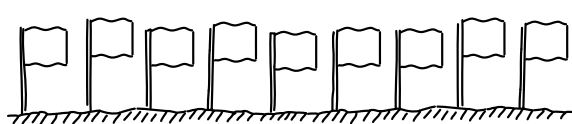
36
CmiA trading partners



around **90** million CmiA textiles on the market

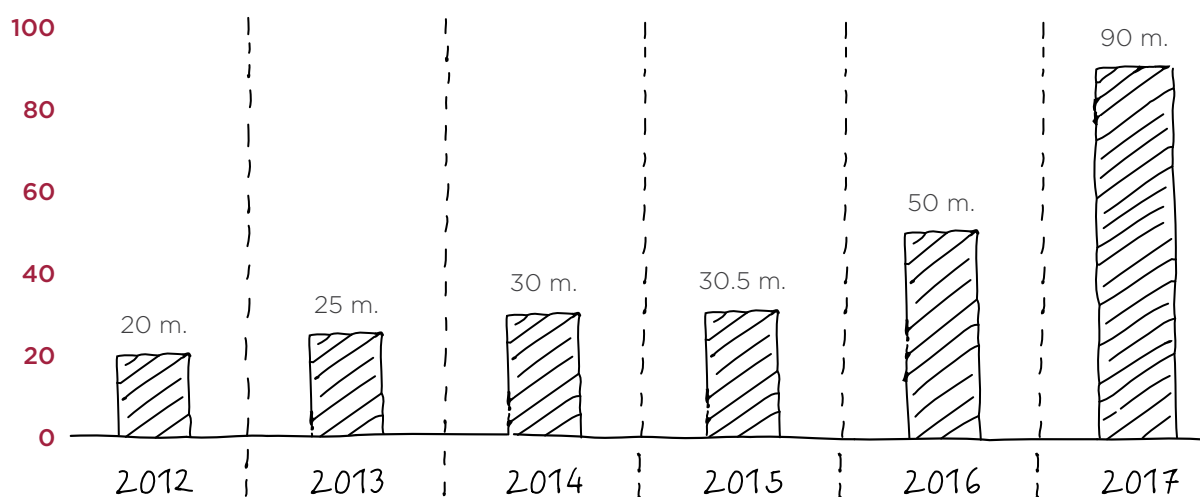
496,000
Total CmiA cotton harvest (ginned, in t)

73
spinning mills and textile producers registered with CmiA



9
growing countries

TEXTILES WITH THE CmiA LABEL



All data incl. CmiA and CmiA-Organic



CONSOLIDATED RESULT

The Aid by Trade Foundation (AbTF) increased its revenue from licensing fees by 14 percent to EUR 1,696 thousand by marketing the rights to the Cotton made in Africa (CmiA) brand through ATAORA Fördergesellschaft GmbH in the 2017 financial year. In addition, revenues of EUR 337 thousand were generated through the sale of CmiA-certified cotton in the Better Cotton Initiative (BCI) distribution channels. The share of revenues from the sale of CmiA cotton in total revenues thus rose by 19 to 68 percentage points in 2017.

Implementation of CmiA in demand alliance companies has also benefited from the continuous expansion of a global network of cotton companies, traders, and spinning mills that work with sustainable cotton and are stakeholders in the textile value chain of the Cotton made in Africa initiative. The contribution payments made by the CmiA partners are a reliable source of financing for Cotton made in Africa.

In 2017, the Aid by Trade Foundation financed itself without any public grants for the first time in its history. Donations amounted to EUR 151 thousand. These developments are reflected in the ratio of commercial income of 95 percent to only 5 percent of income from donations. This confirms that the Cotton made in Africa initiative is largely supported by the companies that process and use CmiA cotton and that the foundation's claim – Aid by Trade – is put into practice.

In order to promote this development in the long term, the Aid by Trade Foundation increased investments in marketing and sales in 2017 through its marketing company ATAORA Fördergesellschaft

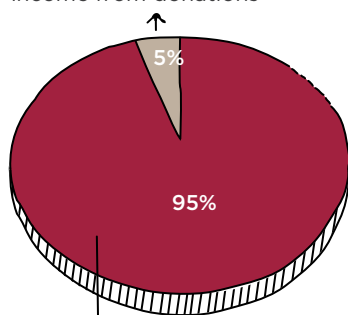
GmbH. As a result, expenditures in this area thus increased from 14 percent in the previous year to 19 percent in 2017. Expenditures for project implementation rose to EUR 1,573 thousand in 2017, accounting for 61 percent of total expenditure, whereas the Program Service Expense Ratio in 2017 was 66%. 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.

For the first time, AbTF invested over EUR 1,019 thousand for project implementation – directly and through cooperation partners such as the Cotton Expert House Africa gGmbH (see also page 15) for training measures for smallholder farmers and accompanying cooperation projects.

A consolidated net income of EUR 414 thousand before taxes was thus achieved. This guarantees a solid equity structure, e.g. also through creating free reserves. It also lays the basis for further investments, both in program implementation and the durable strengthening of marketing activities for CmiA in the coming years.

REVENUE 2017

Income from donations



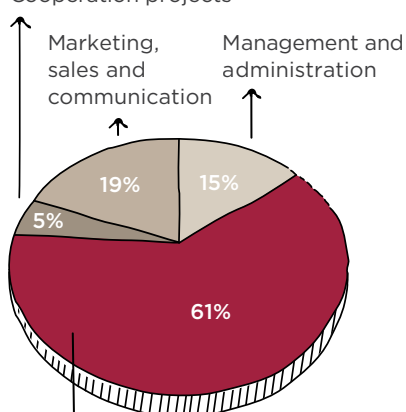
Income from business operations

Income	kEUR	in %	2016 in %
License fee income	2,033	68%	49%
Partnership contributions	382	13%	9%
Public grants	0	0%	1%
Private grants	220	7%	4%
Donations	151	5%	33%
Service fees	35	1%	1%
Other income	174	6%	3%
Total income in 2017	2,995	100%	100%

	kEUR	in %	2016 in %
Income from business operations	2,844	95%	66%
Income from public grants/donations	151	5%	34%

EXPENSES 2017

Cooperation projects



Program implementation

Expenses	kEUR	in %	2016 in %
Management and administration	390	15%	15%
Program implementation	1,573	61%	65%
Cooperation projects	128	5%	6%
Marketing, sales and communication	490	19%	14%
Total expenses in 2017	2,581	100%	100%

	in %	2016 in %
Program Service Expense Ratio = Program Service Expenses/Total Expenses	66%	72%

	kEUR	2016
AbTF contribution to training programs and cooperation projects in 2017	1,019	995

MANAGEMENT AND FINANCE



Tina Stridde
Managing Director of the Aid by Trade Foundation



Sabine Kleinewiese
Director Finance & Controlling

Ms. Heuer, please describe your role at Ernsting's family.

I have been Managing Director of Ernsting's family, one of the leading textile suppliers in Germany, for more than eleven years. In addition to procurement, I was initially responsible for design and category management. As Chief Procurement Officer, I was responsible for the entire sourcing and sustainability of products and production for several years.

Ernsting's family has been a partner of Cotton made in Africa for many years. How do you rate the partnership with the CmiA initiative?

We generally have long-standing partnerships – but the cooperation with CmiA is outstanding, because it is not only cooperative and on an equal basis, positive and appreciative but most importantly, it stands out thanks to a very straightforward and trusting relationship.

DAGMAR HEUER

Chief Procurement Officer,
Ernsting's family



Looking ahead, what do you expect from the development of sustainability in your industry over the next 10 years?

I think that the demand for sustainable products will increase strongly, as consumers' awareness is growing constantly. The demand for fashionable styles has also grown and corresponds to current trends in conventional fashion. These days, every trend can be realized through sustainable means.

What would you say are the biggest challenges when it comes to integrating sustainability into the business processes of a company like Ernsting's family?

Sustainability is not an administrative department in its own right, but is something that is lived and breathed throughout the entire company and in the different departments. Since I am also responsible for sustainability in product and production, many things can be implemented much more easily with our suppliers and taken into consideration from the beginning of the value chain.

You also visited a project country of Cotton made in Africa. What impressions did you take away from Tanzania?

The trip to Africa has clearly shown that there is still a lot to do. However, the most efficient and long-lasting support we can provide is helping people to help themselves.

You have many years of experience in the textile industry. What changes have you seen within the sector during this time?

In the past we used to only talk about trends and products, but unfortunately today, the talk is much more about chemicals and regulations. Products are increasingly interchangeable, but the history behind the product, the standards and seals regarding production are becoming more and more decisive for purchasing.

“The most efficient and long-lasting support we can provide is helping people help themselves.”



DEVELOPMENT POLICY

Cotton made in Africa is committed to improving the working and living conditions of smallholder farmers and their families in sub-Saharan Africa¹ on a long-term basis by offering them trainings in agriculture and business while promoting environmentally friendly cotton production.

PERIODIC REVIEW FOR FULL TRANSPARENCY

In order to be certified according to the CmiA standard, the cotton companies, the contracted cotton farmers, and the companies' ginning plants must meet a number of requirements. These are defined in the initiative's standard criteria and are regularly reviewed through independent verification processes.

Verification by the CmiA standard primarily requires compliance with a number of exclusion criteria. These include, for instance, the ban on child labor, compliance with core labor standards in accordance with the conventions of the International Labour Organization (ILO) and the ban on genetically modified seeds and the use of pesticides that are subject to international conventions. In addition to the exclusion criteria, the CmiA standard establishes sustainability criteria that contribute to continuously improving the living and working conditions of smallholder farmers, ginnery workers, and their families.

¹ The Sub-Saharan Africa region includes 49 of the 55 African nations, thus all countries except for the five Arabic states on the Mediterranean Sea.

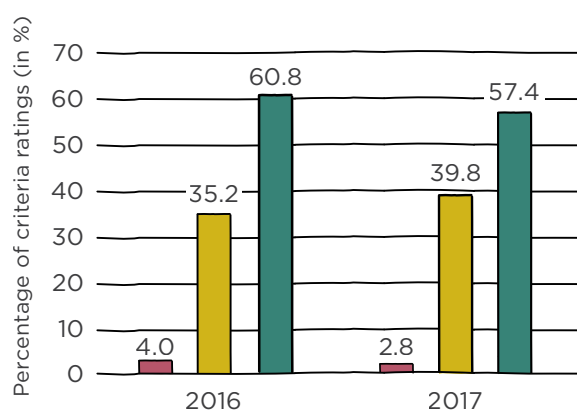
Through the verification process, CmiA ensures that the exclusion criteria are adhered to and that the sustainability requirements are successively better met. This entails assessing the extent to which CmiA sustainability criteria are implemented during each review. A traffic light system is used, classifying indicators as red, yellow or green, with green representing a sustainable management. This way, CmiA ensures that cotton companies and cotton farmers fundamentally and sustainably transform their processes towards an environmentally and socially sustainable production. The current verification results show that the approach of an ongoing improvement process actually works.

In 2017, 1,033,500 smallholder farmers producing 496,000 tons of ginned cotton on a cultivation area of about 1.62 million hectares were verified according to the CmiA and CmiA Organic standards. There were 23 regular verification missions: eleven to verify cotton production and twelve to inspect ginning plants. In addition, two follow-up verifications were carried out at cotton production level. These are scheduled on request and at the expense of the CmiA partner and serve for subsequent verification of individual criteria that were not met to the satisfaction of AbTF or the partner during the regular verification.

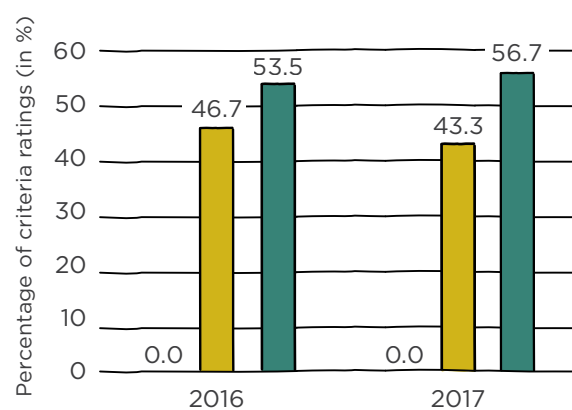
// The CmiA Organic standard supplements the recognized criteria of organic farming (EC No. 834/2007 and other organic verifications recognized in the IFOAM Family of Standards) to meet CmiA's social and economic sustainability criteria.

// 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 sold exclusively through the partnership with the BCI and through its channels.

The number of cotton companies certified according to CmiA and CmiA Organic altered in 2017. By the end of the 2016/17 season (June 2017), 20 companies were active as CmiA partners in ten Sub-Saharan African countries. However, at the beginning of the 2017/18 season (July 2017), four operations in Tanzania, Zambia, and Zimbabwe temporarily or completely discontinued their activities due to climate-related crop losses or government intervention in the cotton sector. At the same time, two new companies were established in Mozambique and Burkina Faso in 2017. At the end of 2017, a total of 18 cotton companies in nine Sub-Saharan African countries were certified according to CmiA or CmiA-Organic.



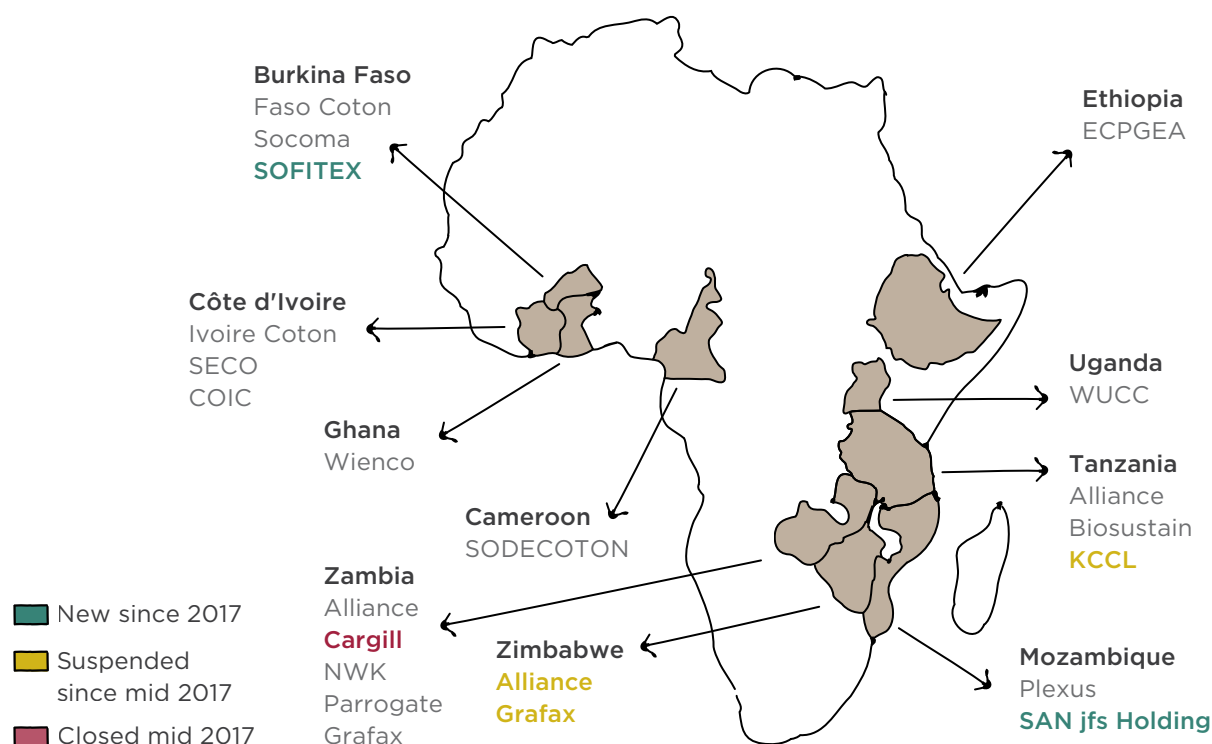
Aggregated results from field verifications



Aggregated results from ginning plant verifications

■ Total "red" ■ Total "yellow" ■ Total "green"

THE CmiA PARTNER COMPANIES IN SUB-SAHARAN AFRICA



In 2017, the AbTF commissioned the three independent verification companies EcoCert, AfriCert, and Control Union to carry out the verification missions. These appointed a total of 19 African

auditors to conduct CmiA verifications. The AbTF carried out four monitoring missions in Côte d'Ivoire, Burkina Faso, Benin, and Cameroon, during which three auditors were evaluated.

THE TEAM DEVELOPMENT POLICY



Alexandra Perschau
Senior Project Manager Development Policy



Maria-Verena Spohler-Kouoh
Junior Project Manager Development Policy

ORGANIC PESTICIDES PROJECT

The C&A Foundation-funded project on organic pesticides conducted in South and East Africa was successfully concluded in 2017. The project was launched in 2015 with the aim of identifying locally available plants with insecticidal properties and promoting knowledge of organic pesticides and their subsequent use among CmiA farmers. Once all seven partner companies in Tanzania and Zambia completed the first tests on the effectiveness of the previously identified plants in 2016, the range was increased in 2017. In order to ensure long-term availability of sufficient plant material, a new tree nursery was also established in Tanzania. By the end of the project, more than 27,000 neem tree seedlings had been planted. Another focus was the purchase of additional machines for processing plant material in order to significantly reduce the amount of work required for the production of organic pesticides and make it possible to expand the program.



THE COTTON EXPERT HOUSE AFRICA gGmbH AS SUPPORTER OF THE CmiA STANDARD AT THE LOCAL LEVEL

The Cotton Expert House Africa gGmbH (CHA) was founded jointly with GFA Consulting GmbH at the end of 2016. CHA has been tasked by Cotton made in Africa to actively support CmiA-certified cotton companies in implementing the standard at the local level. This ensures that the AbTF's foundation goals are achieved. In 2017, CHA obtained

additional financing from the German Federal Ministry for Economic Cooperation and Development (BMZ) amounting to around EUR 8 million over a period of four years. These funds are available for measures promoting sustainable cotton standards and textile value chains in Africa and thus also support the goals of CmiA. To ensure smooth cooperation with cotton companies in Sub-Saharan Africa, two regional offices were opened: The office in Ouagadougou, Burkina Faso, serves the western and central African region, while the office in Nairobi, Kenya, is the contact for cotton companies in southern and eastern Africa. A knowledge database was also established as a first important measure to maintain the high level of quality consulting services offered by COMPACI (Competitive African Cotton Initiative) and to secure the previously developed training materials.



As independent entrepreneurs, all cotton farmers in Sub-Saharan Africa have to make wide-ranging decisions for their small business – the cotton field – on a daily basis. People like Ali Dandi ensure that they achieve this goal with lasting success: As a regional trainer at a CmiA-certified cotton company in Mafa-Kilda, North Cameroon, the 48-year-old teaches smallholder cotton farmers basic business management skills in the so-called Farmer Business Schools. “The trainings have really changed the lives of the farmers,” reports Ali. “On the one hand, they are planning their production in advance and are able to estimate exactly what they have to do in order to reach their goals. On the other hand, they are able to maintain much better with their income and profits – to the great benefit of their families.”

While farmers used to have hardly any access to the simplest business training programs, they are now learning how to organize and successfully manage their small business by taking a proactive approach. What proportion of the yield should be allocated to new seeds, how high should the reserves be and how much money do they need to feed their families and educate their children? These important decisions no longer need to be made solely based on intuition.

The Farmer Business Schools provide smallholder farmers in the CmiA project areas with important basic knowledge of business management and provide them with decision-making tools for managing their family farms. Ali Dandi and his colleagues show smallholder farmers how they can better assess market and production risks associated with their cotton farms and manage their budgets with the help of specially developed training material. Private household management is also a topic addressed in the trainings. For instance, Ali explains to his participants what foods they should grow to provide their families with a healthy and balanced diet.

“The trainings have really changed the lives of the farmers.”

A second central theme is on Ali Dandi’s training agenda: the promotion of gender equality and strengthening women’s rights. In Gender Trainings, women are schooled in modern and efficient methods for sustainable cotton cultivation according to their specific needs. “In the course of gender trainings, a number of women’s groups have been established,” says Ali. Women grow cotton and other crops together in small groups. The income they generate as a group is reinvested, for example in setting up a chicken farm, or in education for their children. Therefore, both the women and their entire families profit from the Gender Trainings.



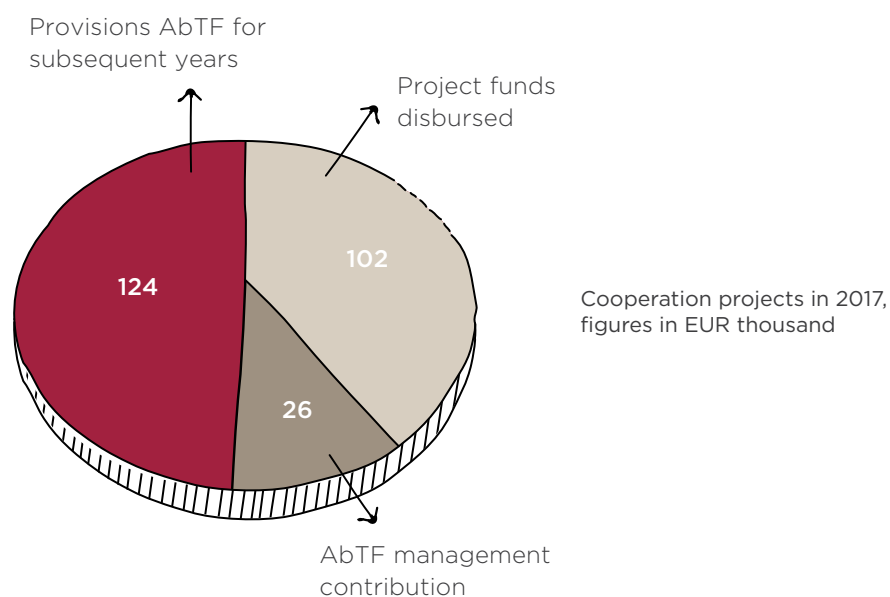
ALI DANDI

Regional Trainer,
Mafa-Kilda, Cameroon



COOPERATION PROJECTS

Cotton made in Africa's commitment goes far beyond agricultural and business management training for cotton farmers in Sub-Saharan Africa: Together with its partners, the initiative also supports projects in the fields of education, health, promotion of women, and environment through the CmiA Community Cooperation Program (CCCP).



COOPERATION PROJECTS 2017

Ethiopia – Solar power for farmer training centers

In Ethiopia, CmiA partner ECPGEA started a CCCP in August 2016 to supply solar power to ten farmer training centers. 91 of these training centers are in the North Godar region, 75% of which are not connected to the public grid. In order to be able to hold training sessions in the evening hours, the goal was to enable light supply and the use of audio-visual media with the help of solar power. The project benefits 1,000 CmiA farmers and some 50,000 villagers. Due to the unrest in the project area in the second half of 2016, implementation had to be suspended for several months, which meant that the project completion originally planned for March 2017 was postponed to 2018.

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 on drinking water supply and food security in Côte d'Ivoire. There is a shortage of clean drinking water in the rural areas of northern Côte d'Ivoire. In some cases women and girls have to walk up to 20 km to get water from the rivers – especially for girls, this means that they cannot go to school. In addition, this water is often contaminated and causes diseases that can be fatal. By creating four new wells, four village communities were provided with access to drinking water, both for domestic use and for their livestock. The project was successfully completed in June 2017. More than 6,000 people, including the inhabitants of the surrounding villages, benefited from the project.

Joint implementation
with partners
COIC, AbTF

Total budget
26,000 EURO

Côte d'Ivoire – Improving health care

In April 2017, CmiA partner SECO started a CCCP in Côte d'Ivoire to improve health care. In the municipality of Ouangolodougou, SECO already had a very small medical station in the ginning plant, which is only available to the workers due to its location within the factory. By establishing a new, larger health care center with a small pharmacy, the village community will be given access to basic health care services. A doctor, a nurse and two assistants are permanently employed at the site. The project was completed in December 2017 and will benefit the approximately 5,000 people living in the immediate vicinity of the health station.

Joint implementation
with partners
SECO, AbTF

Total budget
23,000 EURO

Zambia – Advancement of women

Implementation of the CCCP on the advancement of women with the CmiA partner Alliance in Zambia began in May 2016. The Mukuyu Women's Club in the community of Chisamba is a very dedicated and well functioning group of farmers. With their modest means, the 40 women even support orphans. In addition to growing cotton and vegetables, the women now want to breed chickens in order to create an additional source of income. The project will also contribute to ensuring food security for the 40 families as well as over 800 people in the village community. The project was completed in November 2017.

Joint implementation
with partners
Alliance Gineries Ltd.
Sambia, AbTF

Total budget
14,000 EURO

Zambia – Advancement of women

The CmiA partner CGL Parrogate also began implementing a CCCP for the advancement of women in Zambia in May 2016. The Shakunkuma Women's Club in the community of Nampundure wants to generate additional income by breeding goats and also improve the food security of its 31 families and the village community of around 450 inhabitants. The project was successfully completed in August 2017.

Joint implementation
with partners
CGL Parrogate, AbTF

Total budget
15,000 EURO

Zambia – Advancement of women

In August 2016, the CmiA partner Cargill Zambia also began implementing a CCCP for the advancement of women. The Kamulemeka Women's Club and the Mtendere Women's Club want to earn income in addition to cotton cultivation: by purchasing an ox, a plough and a cart, they plan on offering transports and farming services on other cotton fields. Additionally, the establishment of an apiculture will enable them to sell honey. The project benefits 45 families with a total of about 275 family members and the surrounding village community. As the cotton company Cargill ceased all its activities in 2017, the project could not be finalized. The possibility of completing the project through another partner in the region is currently being examined.

Joint implementation
with partners
Cargill Zambia, AbTF

Total budget
12,000 EURO

Zambia – Drinking water, sanitation, and hygiene (WASH)

In June 2016, the CmiA partner NWK in Zambia began implementing a CCCP to improve the hygienic situation as well as sanitation and drinking water supply. Thousands of households in the Katete region have no access to clean drinking water or sanitation. The project entails drilling four wells, building 40 latrines, and conducting numerous training courses on hygiene for the villagers. A total of 4,000 people in four villages will benefit from the project. Due to unsuccessful drilling activity, scheduled completion of the project has been postponed to mid 2018.

Joint implementation
with partners
NWK, AbTF

Total budget
100,000 EURO

Zambia – Advancement of women

In November 2017, the CmiA partner Alliance in Zambia teamed up with Corman S.p.A. and started implementing its second CCCP for the advancement of women. To earn additional income, the 31 women of the Tuyandane Women's Club in the community of Nampundwe already help out in other fields during the season, and they also knit and sew outerwear. As part of this project, the women's club will now also start breeding goats. This way, the project contributes to improving the food security of the 31 families and the village community of around 400 inhabitants. The project is scheduled for completion in October 2018.

Joint implementation
with partners
**Alliance Gineries Ltd.
Sambia, Corman S.p.A,
AbTF**

Total budget
5,000 EURO

COOPERATION PROJECTS 2017

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

Back in 2015, a PPP Project² was launched together with Welthungerhilfe and CmiA partner Alliance Zimbabwe with aiming at improving the hygiene conditions as well as supply of sanitation and drinking water. During this project, schools in 20 villages in the Gokwe South region were equipped with gender-specific toilets and wells were redrilled or repaired. In addition, hygiene ambassadors were trained at the schools to provide information about the importance of simple hygiene measures and raise awareness for this topic among their classmates. The PPP project was completed at the end of 2017, benefiting more than 10,000 children and young people.

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

Total budget
321,550 EURO

Uganda – Advancement of women and access to drinking water

The CmiA partner WUCC started its first CCCP in May 2017. As part of the project, the Thuhambenko Women's Club in Rwengaju will have a production room and a warehouse for its corn mill. This will enable the 90 women farmers to process their products themselves in the future. This also benefits the some 1,000 villagers. In addition, the community in Bwanika received a well which will supply 300 households directly and 200 households indirectly with drinking water. Completion of the project is scheduled for February 2018.

Joint implementation
with partners
**WUCC, Platz schaffen
mit Herz, AbTF**

Total budget
15,000 EURO

Tanzania – Access to drinking water

In 2016, the CmiA partner Alliance in Tanzania built a health center for the inhabitants of the community Kasoli through CCCP funding in 2016. However, few hospitals and health stations in Kasoli and the surrounding area have access to clean water, leading to a generally very low standard of hygiene. To improve this situation, the partner launched a second CCCP in April 2017 which involved drilling six wells and installing rainwater collection systems at health stations in five selected villages as well as in Kasoli. In total, approximately 16,000 people in the region in and around Kasoli will benefit from this project. The project is scheduled for completion in February 2018.

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

Total budget
86,000 EURO

² Public-private partnership project

HARIET MUHINDO

Cotton farmer,
Nyamirangara, Uganda



Protecting the environment and one's own health while at the same time securing the cotton yields and even increasing income, is that possible? Cotton farmer Harriet Muhindo from the village of Nyamirangara in Uganda wondered the same. Then she attended the trainings that are an integral element of the Cotton made in Africa program, where she learned that it is possible – and above all, how.

Pesticides are usually applied regularly in conventional cotton cultivation in order to protect the plants from pests and prevent crop failures. Harriet experienced in farmer training sessions that their utilisation is not always necessary and that there are alternative solutions. “I have learnt how to use less pesticides and how to handle them correctly,” she says. Today Harriet works according to the threshold principle: She checks the pest infestation on her field and only applies pesticides if the amount of pests exceeds a certain limit. In doing so, it is especially important to distinguish between pests and beneficiaries. In agriculture, insects that are natural enemies of pests are called beneficiaries because they help to protect the farmer's yields. Thanks to her newly acquired knowledge, Harriet can now use considerably less pesticides, protect beneficiaries on her field and thus obtain higher yields.

Harriet has also learned a lot about alternative methods of protecting her fields. Now she knows about organic pesticides and how to construct simple traps made of available means like molasses. Such alternatives have a triple benefit for Harriet: they are locally attainable and cost very little, which allows her to lower her costs. On top of that, they are natural, thus protecting her and the environment. And they are effective because they powerfully combat pests.

“I have learnt how to use less pesticides and how to handle them correctly.”

The farmer trainings also inform farmers about the dangers of certain pesticides. Several are excluded by the CmiA standard anyway. In order to protect herself and her family in the best possible way, Harriet has learned a lot about the correct and healthy way to handle pesticides. “I now know that it's important to wear protective clothing when applying pesticides on my cotton field.” By consciously using pesticides sensibly, smallholder farmers can save a lot of money and also protect the environment, their health, and their soils.



SALES & SUPPLY CHAIN MANAGEMENT

While corporate partners of Cotton made in Africa purchase sustainable cotton at world market prices, the initiative supports them in integrating CmiA cotton into the downstream production stages worldwide. For using the CmiA license and the CmiA label, the companies pay a small license fee to the initiative. These fees are then reinvested in the project regions.

GROWING DEMAND FOR CmiA COTTON

CmiA recorded very favorable developments with its existing customers for the 2017 fiscal year. Almost all corporate partners have exceeded planning figures and thus contributed to a further increase in demand for CmiA cotton in 2017. A total of around 90 million products bearing the seal of sustainable CmiA raw material were launched on the market in 2017, which corresponds to an increase of 79 percent over the previous year.

A total of 114,000 tons of CmiA cotton were sold directly and in cooperation with the BCI as sustainable cotton in 2017.

Further successes were achieved through integrating local, i.e. African producers via the supplier license model in 2017. For many companies, the issue of “From Field to Fashion” plays an increasingly important role for their sourcing strategies. Companies’ interest has extended beyond a standard partnership with CmiA and support of the initiative’s work on the field. Many now want to actively contribute to creating or securing jobs in sub-Saharan Africa and, above all, to reduce logistical complexity in the textile value chain. It is therefore of great interest to an increasing number of companies to have the cotton grown in African countries processed by companies based there, thus increasing the share of added value in Africa.

Amongst others, Bonprix has already produced a considerable number of textiles with the CmiA “Inside” label in Uganda. This label informs consumers that the end product exclusively contains African CmiA cotton. With the CmiA cotton farm-

ing and local processing of the cotton right up to the finished product, Uganda offers good conditions for implementing the “From Field to Fashion” principle. Implementation of similar concepts in other African countries is planned.

RETAILER JOURNEY

In October 2017, a group of demand alliance partners traveled to Uganda accompanied by a CmiA team. The goal was to establish direct contact between cotton producers and buyers of the raw material – the retailers and brands. In the course of this trip, the participants were able to follow the path of cotton directly: from the cotton field to the ginning plant to a vertical operation including spinning, dyeing, knitting, and finally CMT (cut, manufacturing, trim). Visitors also had the opportunity to visit two cooperatives that could

benefit from a CmiA cooperation project. Contact to the CmiA smallholder farmers provided the participants with a deepened understanding for the initiative’s work, and brought together both ends of the textile value chain: raw material cultivation and textile trade. The participants were company representatives from various sectors of the international textile trade, including multi-channel/distance selling, fast fashion retailers, importers, vertically integrated brand suppliers, and label manufacturers.



THE TRACKING SYSTEM

The CmiA tracking system was further developed in the year under review. Since 2007, the system has enabled the initiative's partner companies to track the entire value chain in accordance with CmiA Mass Balance requirements. The first version of a tracking system for documenting the Hard Identity Preserved (HIP) system was introduced in 2017. In contrast to the Mass Balance system, the HIP system provides complete transparency across the entire textile value chain. The new tracking system is based on a control of the set data by the respective successive business partner combined with documentation of the respective sale, which makes every transaction traceable. With the introduction of the HIP system, CmiA is now the first cotton standard to offer partners of the demand alliance not only the raw material but also a reliable system for seamless tracking.

BETTER COTTON INITIATIVE (BCI)



In 2017, CmiA-certified cotton was again sold as BCI cotton in the BCI channels.

The CmiA and BCI standards are linked by a partnership agreement, and benchmarking checks the current criteria and requirements for suitability. In the year under review, approximately 73,000 tons of CmiA cotton were delivered to the BCI value chain.

REGIONAL CONFERENCES

CmiA held several regional conferences in the textile procurement markets in 2017. Their goal was to bring together the entire value chain of the respective country in order to discuss current topics such as availability, pricing, and quality. A total of four workshops were held in China, Bangladesh, and India. The events attracted a total of around 350 participants, which impressively reflects the importance of CmiA in Asian procurement markets.

THE TEAM SALES & SUPPLY CHAIN MANAGEMENT



Christian Barthel
Director Supply Chain Management



Gerlind Bätz
Junior Project Manager Supply Chain Management

CmiA CORPORATE PARTNERS IN 2017



Kid

Schwab

ABOUT YOU



MANUFACTUM.

SELECTED
FEMME / HOMME



sheego

SportScheck

ARMANI

HAKRO
HÄLT. SEIT 1969



ASOS
discover fashion online

heine
IMMER ETWAS BESONDERES

OTTO

toom

BAUR



UNITO
A member of the otto group

**bon
prix**
it's me!

H.I.S
NY JEANS
ESTABLISHED 1923



JACK & JONES

REWE



s.Oliver



Mr. Scholz, please describe your work at Miles.

I am in charge of the 'Garment Textile' division at Miles. We are a trading company with a history of well over 100 years. For over 60 years, we have been developing lifestyle products for our cooperation partners for every area of life and also support them with logistics, sales, and marketing. We always think holistically. This means that we don't just design items to look good. We also ensure procurement is done according to social and ecological criteria and analyze the various production sites around the globe in depth. This entails working very closely with our Corporate Responsibility (CR) department. With our current efforts, we want to redefine the supply chain of tomorrow.

Miles is a textile producer and supplier to large companies. How do you think sustainability and the mass market fit together?

Our product portfolio covers a broad spectrum. Shoes, suitcases, sports equipment, camping equipment, and more are all products for which we always clarify the sustainability issue with a realistic view of the budget. The important thing is, it's no longer a question of "if". Consumers want

FABIAN SCHOLZ

Vice President Procurement,
Miles GmbH



to buy products with a clear conscience. consequently, it is only a question of “how”. This can be answered more and more easily because the players in the supply chain act accordingly. To further optimize processes, our Vendor Compliance team regularly monitors and advises our suppliers’ production sites. Sustainable cotton in particular shows that this product is now highly compatible with the mass market. Affordable clothing can now very well be produced sustainably and under good working conditions.

You recently accompanied the Cotton made in Africa team on a trip to Uganda and got to know the initiative’s partners, cotton companies, smallholder farmers, and textile processors. What impressions did you take away from this trip?

It was very impressive to see how well the cooperation between the CmiA team and the individual local partners works and how much joy and success each of the acting persons gains from it. Seeing how the working conditions and, above all, the yields of smallholder farmers have improved is a great motivation to drive this initiative forward.

Has your image of the African continent changed during your trip to Uganda?

It was my first trip to Uganda and certainly won’t be the last. Besides the green landscape, the people in particular fascinated me. Everyone was incredibly hospitable, from smallholder farmers to factory owners. This pronounced warmth truly inspired me and touched me deeply. From a business point of view, I realized that Uganda is not yet an option for the mass market as a country of production. In terms of fast fashion and sustainability however, we will continue to follow the country’s development. I found the possibility of a supply chain from sustainable cotton to production (“from field to fashion”) very attractive.

“I found the possibility of a supply chain from sustainable cotton to production very attractive.”

For many companies, integrating sustainability into the textile chain sounds like a big challenge. How do you see this and what experiences have you had with your customers?

The complexity of the products is greater than many expect, especially when it comes to textiles. They often consist of several individual components. Balancing all raw materials and processes according to sustainability criteria is indeed a challenge. What’s more, the requirements of various stakeholders (NGOs, consumers, customers, governments, etc.) are constantly changing. Our customers, suppliers, and we ourselves, too, must react quickly to these changes. Because we know from our customers that consumers prefer suppliers who are known for their responsible actions. That is why we are working together to identify further innovation potential and thus perfect sustainable development along the entire value chain.

What would you like to see from the sustainability standards in order to make their use even more attractive?

Well, the thing is: The more “sustainability” has become a trend topic, the more the variety of seals has grown. It would certainly make sense in this case to make it clearer what the individual seals stand for while keeping in mind the consumers. I would also like certification of products and raw materials to be better integrated into the sourcing process. This would make our and others’ work much easier and help make sustainability even more attractive to the mass market.



MARKETING & COMMUNICATION

Cotton made in Africa enables companies to achieve greater transparency in their supply chains. The path a T-shirt follows from farming the cotton through processing to the finished product becomes comprehensible and the people at the beginning of textile production, i.e. the cotton farmers and factory workers in Africa's cotton-processing industry, become visible. Thus, CmiA offers its demand partners numerous communication possibilities for internal or external corporate communication, product promotion, and public relations. This gives companies the opportunity to show their customers how they are committed to smallholder farmers in Africa, what measures are taken to protect nature, and what lies behind the manufacture of their products.





THE COTTON MADE IN AFRICA MOVEMENT: MAKING A STATEMENT IN PUBLIC – WITH A BATHROBE

In order to generate maximum awareness for Cotton made in Africa among consumers and the general public, the year 2017 was communicatively dominated by the symbol of the bathrobe: Instead of a classic advertising campaign, the initiative used the CmiA Bathrobe Day as an innovative approach of a “movement”, i.e. a movement communication that creates identification, inspires, and develops itself dynamically. The bathrobe was chosen as a symbol because it is a prime example of how much cotton our clothes contain. The message of the “Wear a Smile” movement was positive and brought the subject of sustainable textiles closer to consumers in a way that is easy to understand. The first CmiA Bathrobe Day took place as a campaign highlight on June 29, 2017, together with numerous business partners, non-governmental organizations (NGOs), and prominent advocates. Companies and NGOs used the campaign to organize employee events on the topic of CmiA, to launch an online shop for products with the CmiA label or to encourage followers to participate on their online channels. Let alone through the participation of numerous influencers, including TV stars Motsi Mabuse and Valentina Pahde, the campaign reached more than 850,000 people via social media. Existing and new CmiA followers beyond the Cotton made in Africa

network joined the movement on social media channels by sharing selfies in a bathrobe. On CmiA Bathrobe Day, even public spaces in Hamburg’s city center were dominated by the bathrobe: The city’s landmarks and monuments, such as the Störtebeker, the Beatles or the Zitronenjette statues were dressed in bathrobes. A rowing team completed its morning training on the Alster lake wearing bathrobes. And the event location ‘Hamburg Dungeon’ gave discounts to visitors wearing bathrobes. The day ended with a flash mob of young people wearing bathrobes roaming through Hamburg’s city center. The activity was exclusively covered by NDR television, which reported about it in their evening program.





PROMINENT BRAND AMBASSADORS: STRONG VOICES FOR CmiA

Fashion designer Laura Chaplin, granddaughter of the famous actor Charlie Chaplin and CmiA ambassador since 2016, traveled to Uganda in October 2017. The aim of the trip was for her to meet cotton farmers in the CmiA growing regions of the country and to follow the path of textiles from the field to the finished product. The brand ambassador's trip was accompanied and documented by a film team. The impressions collected in Africa served Chaplin as inspiration for her fashion brand "Smile by Laura Chaplin".

In December 2017, CmiA was able to win another prominent ambassador: Motsi Mabuse, known as RTL juror for "Let's Dance" and professional dancer from South Africa. With her name and through public appearances, she will support the initiative's female smallholder farmers in particular by lending her name and through public appearances.

FAIRS & EVENTS

In 2017, Cotton made in Africa was represented at three trade fairs in 2017: The initiative was present at Heimtextil in Frankfurt, the largest international trade fair for home and household textiles. Also in January, CmiA was represented at the International Green Week in Berlin. Visitors were invited to an interactive booth on the exhibition area of the German Federal Ministry for Economic Cooperation and Development (BMZ), crafting buttons from African fabrics or shooting selfies in typical everyday situations from the African growing regions via video animation. Numerous groups of students got to know CmiA through a quiz, which allowed them to learn more about the topic in a playful way. Together with representatives of the BMZ,

CmiA went on stage to provide information about sustainable cotton from Africa and the influence consumers have with their purchase decision.

To place CmiA with relevant stakeholders and buyers, CmiA organized a booth at the Origin Africa fair in Mauritius in September and participated in the annual conference of Textile Exchange in Washington D.C. in October 2017. CmiA, in cooperation with the Cotton Expert House Africa, held the first African Cotton Conference in November 2017 in Cotonou, Benin, with about 90 partners and guests from the CmiA stakeholder network.

COMMUNICATION PROJECTS FROM AND WITH PARTNERS

The company Bonprix accompanied CmiA's journey to the origin of CmiA cotton in Uganda. The aim of Cotton made in Africa's largest demand partner was to document its commitment to CmiA on film, to take a look behind the scenes of Bonprix's textile production and to provide transparency from the field to the finished product. The films are set to be released by Bonprix in 2018 as part of the company's sustainability communication.

In 2017, the Aid by Trade Foundation again received a donation from the Initiative Zukunft gGmbH from the proceeds of the project 'Platz schaffen mit Herz'. The donated sum amounted to EUR 52,624.85 and will support the work of the AbTF in the project areas.



PUBLIC RELATIONS AND SOCIAL MEDIA

CmiA was able to reach and inform numerous readers in the press, especially through daily media, trade press and online magazines. A stronger presence on the existing social media channels such as Facebook, Twitter, and Instagram allowed Cotton made in Africa to intensify interaction with consumers, the public, and partners while also providing insights into the work of the initiative.

Due to excellent ratings, the ARD documentary "Mode schlägt Moral – Wie fair ist unsere Kleidung" (Fashion beats morality – how fair are our clothes), which was shot in 2016 in the CmiA project area in Uganda, was broadcast a total of 14 times on public television from the end of 2016 to the beginning of 2017. The premiere alone already reached 1.23 million viewers.



THE TEAM MARKETING & COMMUNICATION



Christina Ben Bella
Senior Project Manager Marketing & Communication



Anna Felicitas Rüchardt
Junior Project Manager Marketing & Communication

DOMINIK VEKEN

Strategy Consultant and
Corporate Philosopher



What does a corporate philosopher actually do?

A corporate philosopher tries to uncover the inner core of a company or organization together with his customers. It is about understanding what the purpose of an organization is, what drives it, how it wants to make a difference in the world. Because it is this purpose that distinguishes companies from pure revenue and profit machines. This is about companies that actually want to “do” something in the world, that have an inner concern and share it with employees and customers – that is, companies that are not only guided by external pressure. Creating awareness for this topic within the organization is also one of the decisive tasks of corporate philosophy.

You played a key role in developing the “Wear a Smile” movement for Cotton made in Africa – how did the idea come about and why a movement of all things?

Cotton made in Africa is, of course, a prime example of a means-driven organization. That is why communication that conveys this purpose in an inspiring way is appropriate and communication that sells a label in an advertising manner is out of the question. Movements are moved by moving people by inspiring and involving others for the common cause. We found this an ideal way to involve the partners of Cotton made in Africa such as Tchibo, REWE, OTTO, WWF, Welthungerhilfe as well as celebrities such as Motsi Mabuse and all other individual fellow campaigners and to offer them the opportunity to be part of a joint movement, of something bigger. Movements are a modern form of self-dynamic campaign that turn a common core of conviction into a participatory movement.

What excited you the most about this task?

For me, of course, it is always a special aspect of my work when I can be active in a cause which I am convinced of, with which I can identify, and in whose advancement I also see that my own commitment makes sense. Cotton made in Africa addresses one of the most important topics of our time, which is unfortunately underexposed in Central European discourse. For many reasons, it is of enormous importance to Africa and for us here to give the continent of Africa the opportunity to set its own course and become a more important player on the world market by its own efforts and with its grown identity.

Can you recall a particularly positive experience in this context?

Yes, that was about a year ago at an internal conference in Munich with many guests from Africa and Europe. I felt a great deal of idealism, optimism, and a true pioneering spirit. It was really fun to give a lecture about purpose and movement in front of this audience. I felt a real sense of consent that together, we can truly make a difference. Amazing!

“CmiA addresses one of the most important topics of our time.”

Aside from budget issues, what’s different about working with a non-profit organization?

Non-profit organizations are often very convinced of their purpose yet sometimes a bit naive. The naivety helps, of course, to try and try again and never give up. However, it often leads to an extreme amount of time being spent coordinating things and really getting everyone on your side and responding to every single concern with great seriousness. A little pragmatism could help sometimes. Conversely, you sometimes wish for more conviction and more ethics and enthusiasm for the cause from various “classic” corporate customers.

And what do you wish Cotton made in Africa for the future?

That Cotton made in Africa receives the attention it deserves. And that as many people as possible drive the movement forward with enthusiasm!

Vibrant, inspirational and honest photos of cotton farmers in Sub-Saharan Africa and their work shape Cotton made in Africa's "Wear A Smile" campaign. They are a colorful boundary between artistic and documentary photography and were taken by Papa Shabani, a young photographer from Uganda. Together with Cotton made in Africa, he traveled to the cotton growing regions near Kasese, in Southwest Uganda.

"Everyone is a part of Cotton made in Africa and everyone works together on eye level."

As a child, the now 28-year-old decided to make photography his profession. Although Papa Shabani is now internationally successful, he always enjoys working in his home country:

"Nowadays, the cultural exposure and vibrancy in Uganda is mega. Uganda's population is very young – more than 73% is under 35 years old. And our neighbouring countries are also very colourful – Rwanda, the new South Sudan, Congo and Burundi. All of this keeps my inspiration for creating photography alive."

Papa describes the shoot for "Wear a Smile" as a great and informative learning experience: "I learned a lot about the lives of smallholder farmers who produce the cotton that the world wears. It was an honour to be selected to document the present for the future, but also to be able to create photographs that will change the misconceptions about African cotton farmers." With his pictures for the campaign, Papa Shabani wants to invite us into the farmers' world: "Wear a Smile is a great campaign because it gives consumers a very deep insight into African smallholder farming and the work of CmiA. It connects consumers with the people that grow the cotton they wear, and that matters." The message of his pictures is simple and clear for Papa Shabani: "Wear a Smile is a great campaign because it gives consumers a very deep insight into African smallholder farming and the work of CmiA. It connects consumers with the people that grow the cotton they wear, and that matters."

While working in Uganda, Papa was particularly fascinated by the cooperation between CmiA, the cotton farmers, and the factory workers in Uganda: "Everyone is a part of Cotton made in Africa and the different groups – the farmers and the cotton companies and CmiA – they work together on eye level. And that is essential for achieving the CmiA vision."



PAPA SHABANI

Photographer,
Communication Designer
and Artist,
Kampala, Uganda

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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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