

AID BY TRADE FOUNDATION

ANNUAL REPORT 2020



COTTON
MADE IN
AFRICA



**THE GOOD
CASHMERE
STANDARD**
by AbTF

CMIA

from page 6

GCS

from page 36

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FOREWORD

BY PROF. DR.
MICHAEL OTTO

FOREWORD

The past year has been challenging for all of us. We have had to leave behind established habits in our private and professional lives. Some have suffered severe personal and financial losses and are having difficulty coming to grips with the changes and restrictions of the recent months.



“The Aid by Trade Foundation’s engagement for people and nature made great strides in 2020 despite a bevy of global challenges. It was a successful year for the foundation’s activities in both Sub-Saharan Africa and Inner Mongolia.”

giving rise to new pandemics. Major interventions to preserve biodiversity and protect habitats are therefore of the greatest importance for the planet’s fauna and flora and for our own health.

In the past year, the Cotton made in Africa initiative conducted a comprehensive relaunch of its standard, further shifting the focus of its work in Africa towards protecting soil, water, and biodiversity. Small-scale farmers gain awareness of these crucial topics through the information and training provided, and compliance with the new, comprehensive set of criteria is assessed through verifications.

The Aid by Trade Foundation also expanded its portfolio by bringing another sustainability standard under its roof during the past year. In publishing The Good Cashmere Standard® (GCS), the foundation broadened its focus on sustainable commodities to include animal welfare and opened a new area of operations in Inner Mongolia. As the world’s first independently verified standard for sustainably produced cashmere, GCS was officially introduced in 2020 and has already become firmly established.

These developments are reflected in this new format for the Aid by Trade Foundation’s annual report. It gives an account of the activities of both standards—Cotton made in Africa and The Good Cashmere Standard®—which have, in equal measure, contributed to achieving the foundation’s objectives through their programmes and their individual partner networks.

The Aid by Trade Foundation’s engagement for people and nature made great strides in 2020 despite a bevy of global challenges. It was a successful year for the foundation’s activities in both Sub-Saharan Africa and Inner Mongolia. The achievements detailed in this report were reached by working side by side with our partners in Africa, in Asia, and here in Europe. That, too, has taken on new meaning for us: Only by working together can we be strong and pave the way for a better tomorrow.

FOREWORD

However, not everything to come out of the pandemic has been bad. As a society, we overcame many of the challenges facing us by working together, and we set new priorities for ourselves. It became clear to many that life would be different after the pandemic, shaped by a deeper awareness of the value of life and the things in it.

In this light, it makes sense that demand for organic products and fair-trade goods has steadily grown during the pandemic. Consumers are paying more attention to the origins of the products they buy and are taking the potential environmental impact of their purchases into consideration. At the beginning of the coronavirus pandemic, medications suffered supply bottlenecks; now, delayed vaccine deliveries are having a direct impact on our society, drawing our attention to the problems posed by non-transparent global value chains. People are more interested than ever in the circumstances un-

der which a product was produced. In Germany, the much-debated and recently passed supply chain law will put companies under greater obligation to assume responsibility for ensuring that human rights are observed during the production process, starting from the raw material.

For many years, Cotton made in Africa (CmiA) has already been working to make value chains as transparent as possible. This has the advantage that it is now nearly impossible for any member of the value chain to remain anonymous. Even when it comes to mass-market products like cotton, retail partners can trace back who farmed the raw material, how the production affected the environment, and what a given product’s environmental footprint is.

Expanded during the past year, the Cotton made in Africa tracking system allows companies to gain insight into their own supply chains while also drawing consumers’ attention to the lives of people in

the Global South. In this way, Cotton made in Africa affords greater visibility to the people producing the raw materials for the global textile market and lets them make their voices heard with increasing effect.

The future of our planet has been the subject of impassioned, urgent discussion in the public debates of recent months. The vulnerability of our ecosystems is readily apparent to us all. As the habitats of wild animals continue to shrink due to the expansion of agricultural and residential zones, people and animals are coming into ever-closer contact. The animal kingdom bears the brunt of the resulting conflicts, with wildlife corridors being disrupted and essential refuges and breeding grounds being destroyed. The current global health crisis is shining a spotlight on an additional effect that had largely escaped the public eye: Increasing human encroachment on pristine nature can lead to the transmission of viruses and bacteria from animals to people, ultimately



CMIA THE YEAR 2020 IN FIGURES

IN THE FIELD



COTTON COMPANIES



OF AFRICAN COTTON PRODUCTION IS CMIA VERIFIED



1,668,602

OVERALL ACREAGE (IN HA)



around 1,000,000

SMALLHOLDERS



GROWING COUNTRIES



AVERAGE ACREAGE PER FARMER (IN HA)



629,789

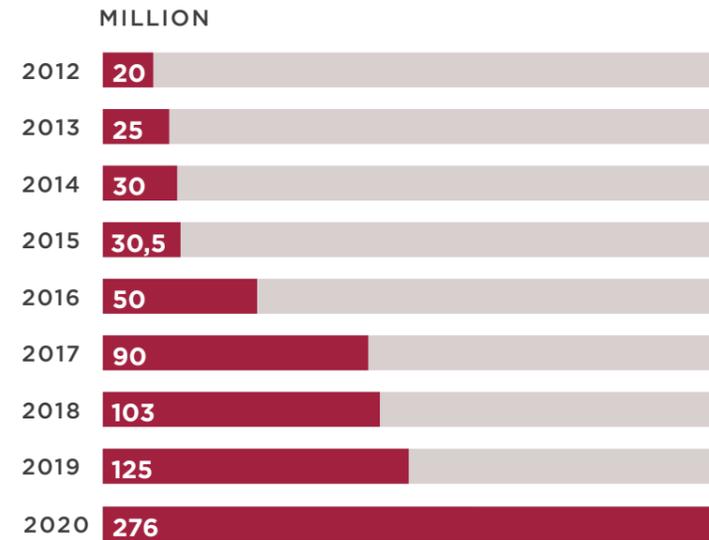
TOTAL CMIA COTTON HARVEST (GINNED, IN T)



879.70

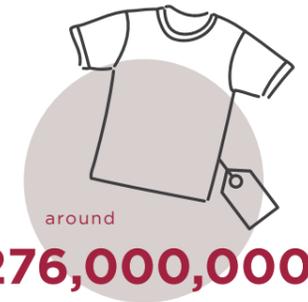
AVERAGE YIELD (RAW COTTON) OF SMALLHOLDERS (KG/HA)

ALONG THE TEXTILE VALUE CHAIN



LABELLED TEXTILES ON THE MARKET

All data incl. CmiA and CmiA-Organic, rounded figures

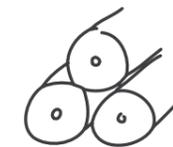


around 276,000,000

LABELLED TEXTILES ON THE MARKET



TEXTILE PRODUCTION MARKETS IN AFRICA



217

SPINNING MILLS AND FABRIC PRODUCERS



21

COTTON TRADERS



CMIA RETAIL PARTNERS AND BRANDS



TEXTILE PRODUCTION MARKETS WORLDWIDE



CONSOLIDATED RESULTS FOR 2020

In 2020, the Aid by Trade Foundation's revenue and results grew significantly, with total earnings rising by nearly 25 percent to EUR 4.3 million, of which EUR 3.7 million were generated through private-sector market activities by the Cotton made in Africa initiative and The Good Cashmere Standard®. Despite pandemic-related restrictions, programme implementation expenses for both sustainability standards and for co-operation projects were increased by 14 percent, to EUR 2.4 million.

2020 IN FIGURES

The Aid by Trade Foundation's revenue and results grew substantially in the 2020 financial year, as the Aid by Trade Foundation was able to increase its total revenue by nearly 25 percent, to EUR 4,324 thousand. Sales of cotton under the Cotton made in Africa (CmiA) label and, for the first time, of cashmere wool under The Good Cashmere Standard® (GCS) produced licensing revenue of EUR 2,769 thousand, representing a 13-percent increase.

Marketing the rights to the Cotton made in Africa brand through ATAKORA Fördergesellschaft GmbH generated licensing revenue of EUR 2,067 thousand, and the sale of CmiA-certified cotton under the BCI label brought in EUR 603 thousand in revenue. Making its very first appearance in 2020, The Good Cashmere Standard® already brought in licensing fees of nearly EUR 100 thousand.

At the same time, the global networks in the textile value chains continued to grow due to rising demand for the raw materials verified through AbTF standards on the part of the companies in the demand alliances. For their part, the African cotton companies, international cotton traders, and the significantly larger number of CmiA spinning mills — as partners of the Cotton made in Africa initiative — contributed even more to the expansion of the initiative with partner contributions totalling EUR 656 thousand (21 percent more than in the previous year). Regarding partnerships with The Good Cashmere Standard®, the new corporate partners brought in EUR 131 thousand in the 2020 financial year. This revenue was used primarily for the verification of this valuable commodity in Inner Mongolia and for the further development of the standard. In the future, this income and other partner contributions from

within the textile chain will also be used to fund training for the cashmere farmers.

In 2020, the Aid by Trade Foundation's donation revenue nearly doubled in comparison to the previous year, reaching a total of EUR 606 thousand; these funds were used primarily to cofinance co-operation projects with CmiA cotton companies (see → page 20).

Thanks to the rise in donations, the proportion of total revenue made up by donations and grants increased by 15 percent in comparison to the previous year; nonetheless, it remains low when compared to the share of revenue from business operations, which amounted to 85 percent of total revenue in 2020. In other words, AbTF's initiatives derive the vast majority of their funds from the companies that process and use CmiA cotton and GCS cashmere, meaning that they are living out the foundation's guiding principle — help for self-help through trade.

In 2020, AbTF — through its marketing association, ATAKORA — invested 10 percent of its total expenditure in marketing, communications, and sales, thereby helping market CmiA cotton and GCS cashmere to new and existing licensees.

Expenditure for the implementation of the CmiA programmes and The Good Cashmere Standard® amounted to EUR 1,898 thousand in 2020, matching the previous year's figures despite coronavirus-related restrictions in the project areas.

The programme service expense ratio, which measures the relationship between total expenses and expenses that directly further the foundation's

objectives, continued to rise in 2020, from 73 to 75 percent. This is cause for celebration because this figure describes how effectively our resources are being used.

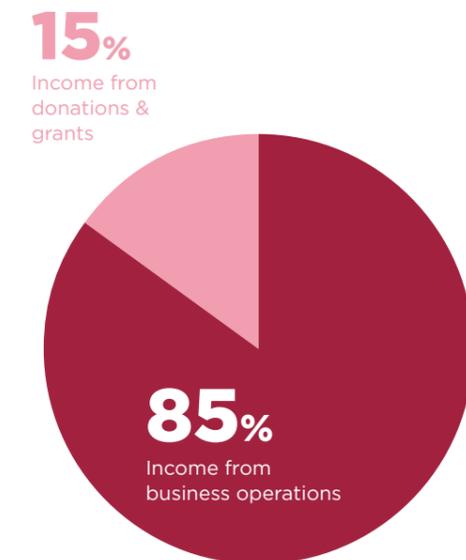
In 2020, excellent revenue growth combined with an effective use of resources — pandemic-related re-

strictions notwithstanding — to produce a consolidated annual surplus of EUR 1,145 thousand before taxes. This surplus ensures a solid equity structure, for example through free reserves, and serves as an excellent foundation for expanding current activities, both in terms of programme implementation and of marketing support for CmiA and GCS in the coming years.

REVENUES 2020

	KEUR	in %	2019 KEUR
License fee income	2,769	64%	2,438
Partnership contributions	787	18%	551
Donations	606	14%	306
Grants	26	0,6%	72
Private subsidies	32	0,7%	54
Other income	105	2%	55
Total income in 2020	4,324	100%	3,476

	KEUR	2020 in %	2019 in %
Income from business operations	3,693	85%	89%
Income from donations & grants	632	15%	11%

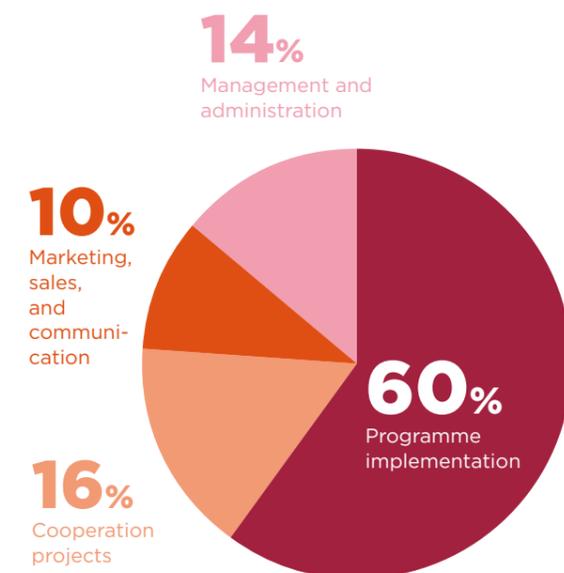


2020 IN FIGURES

EXPENSES 2020

	KEUR	in %	2019 KEUR
Management and administration	454	14%	434
Programme implementation	1,898	60%	1,910
Cooperation projects	501	16%	213
Marketing, sales, and communication	326	10%	339
Total expenses in 2020	3,179	100%	2,896

	in %	2019 in %
Programme Service Expense Ratio = Programme Service Expenses / Total Expenses	75%	73%





CMIA IN THE FIELD

Planting, raising, and harvesting the valuable commodity, cotton farmers are the heart and soul of Cotton made in Africa. Improving their living and working conditions while protecting nature are absolute priorities for Cotton made in Africa. The CmiA initiative is pursuing these goals in many African countries, working together with a diverse network of cotton companies and other stakeholders and cotton experts. In 2020, some 1,000,000 small-scale farmers in ten Sub-Saharan countries produced around 630,000 tonnes of cotton lint in accordance with CmiA standards. Despite the great challenges presented by the COVID-19 pandemic, the initiative found a good way through the crisis for everyone involved. For their part, small-scale farmers and ginnery employees were offered information and training in health and hygiene so that they could better protect themselves against COVID-19.

IN THE FIELD



CRITERIA FOR BETTER LIVING CONDITIONS

The CmiA verification system is improved and will be regularly reviewed.

Are there children working in the cotton fields? Are environmental standards being upheld? For an initiative like Cotton made in Africa, compliance with certain criteria is crucial, as it is the only way for the living and working conditions of the small-scale farmers and their families to progressively improve. The CmiA verification system continuously reviews the social, economic, and environmental development of the farmers and ginneries.

To assess the individual cotton companies, the CmiA standard sets core criteria that must be met at all times. Anyone who ignores these criteria cannot participate in the CmiA programme. For example, the

worst forms of child labour are excluded, and other core labour norms corresponding to the conventions of the International Labour Organization (ILO) must be observed. In addition, the cotton companies are prohibited from using any pesticides containing active ingredients that are banned by international agreements or that are classified by the World Health Organization as extremely or highly dangerous.

There are also numerous sustainability criteria, which must be fulfilled incrementally. The progress of individual cotton companies is assessed through a traffic-light system, allowing an objective judgement to be made about which goals have already been met. Every year, the results are published in the aggregated verification report.



VERIFICATIONS CONTINUE DESPITE THE PANDEMIC

CmiA verifications went forward in spite of eleven cancellations.

Over 1,000,000 small-scale farmers, nearly 630,000 tonnes of cotton lint, around 1.6 million hectares of farmland, and 23 cotton companies—these are huge figures. With such vast quantities of cotton and numbers of small-scale farmers, verification for compliance with the CmiA and CmiA-Organic standards is no simple undertaking. To do so properly, AbTF commissioned two independent verification companies: EcoCert and AfriCert. In the past year, 15 African auditors visited the cotton companies to review compliance with the criteria and to record the progress being made.

In total, 2020 saw six verifications of cotton production operations take place as well as six verifica-

According to the verification guidelines, CmiA will revoke a cotton company's certificate if it fails to meet one or more of the minimum criteria established by the Cotton made in Africa standard, if more than 50 percent of the sustainability criteria in the traffic-light system are classified as red, or if there are repeated failures to demonstrate improvement regarding at least one sustainability criterion in two successive verifications. The cotton company in question is then prohibited from putting any additional cotton with the CmiA label on the market. All of these rules and obligations share a single goal: to quantifiably improve environmental protection and the small-scale farmers' circumstances.

IN THE FIELD



MAJOR OVERHAUL

The CmiA standard is revised.

In the past three years, the CmiA standard underwent a comprehensive revision process. In the course of this, many documents within the CmiA standard system were thoroughly overhauled. The current version of the CmiA standard is Volume 4.0. In addition to a table giving an overview of the principles, criteria, and indicators, a comprehensive document details the principles and criteria and offers advice for the practical implementation of the requirements.

In the current financial year, verification governance—the description of the verification process—will also be overhauled under the new title of Assurance Manual. As soon as the cotton companies and the implementing verifiers are familiarised with all new requirements in the standard, CmiA will work according to the revised standard in 2021 for the first time.

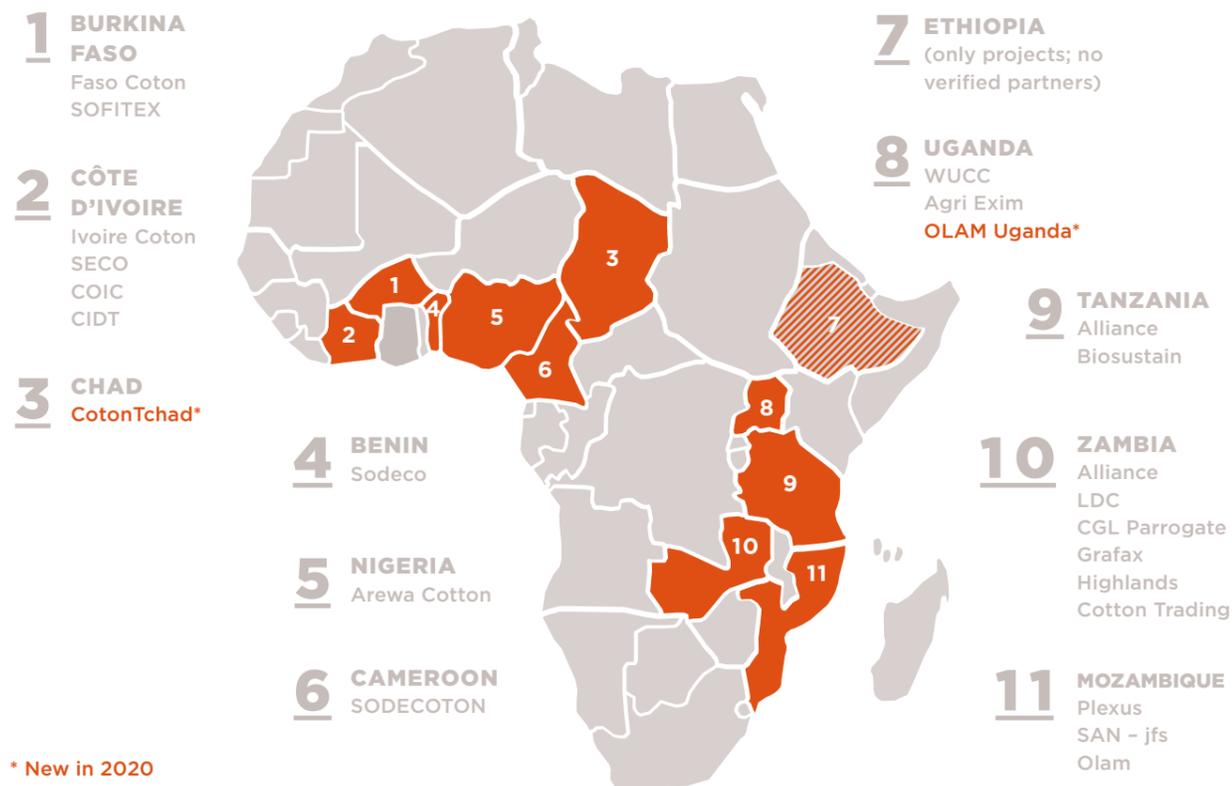
THE DATA FIND A NEW HOME

Verification-related data are now saved centrally on CAP, a new online platform.

The revision of the CmiA standard system is closely tied to a push towards digitalisation, with the cotton companies now having to submit significantly more comprehensive data, complete more indicators in their self-assessments, and provide a variety of documents. To facilitate this, the IT company Vera Solutions programmed an online platform, the CmiA Assurance Platform (CAP), which allows the cotton companies to enter their self-assessments online. Data quality was increased significantly through a series of automated data controls. The verifiers, too, can now submit their evaluations of each locally verified cotton company and directly upload the related documentation. The data are saved centrally, ensuring that nothing gets lost, they are always accessible, and analyses are easier to perform. In January 2021, the platform went live for anglophone partners; for francophone partners, it will be available in June 2021.



THE CMI A PARTNER COMPANIES IN SUB-SAHARAN AFRICA



* New in 2020

WORKING WITH THE BETTER COTTON INITIATIVE

The partnership agreement between CmiA and BCI continues.

In 2020, AbTF continued to partner with the Better Cotton Initiative (BCI). CmiA-verified cotton was sold through BCI channels as sustainable cotton in addition to CmiA's own distribution channels. BCI and CmiA have been joined in a strategic partnership agreement since 2013, and in the past year, 143,850 tonnes of CmiA cotton were sold through BCI.

THE ENVIRONMENTAL FOOTPRINT OF CMI A COTTON

A new study of the environmental effects of cotton production was commissioned.

How much water is used to grow cotton? How does cotton production impact climate change? In 2014, AbTF had already published a life cycle assessment (LCA), which calculated a variety of environmental effects and placed them in the context of the global averages for cotton production. To update these statistics, AbTF commissioned a new LCA, also from Sphera Solutions (formerly PE International). The environmental effects of cotton production were in the limelight again: global warming potential, acidification, eutrophication, and fresh-water consumption. A new impact category was biodiversity. All data are compared to current global averages. The [final version](https://cottonmadeinafrica.org/en/news/environmental-footprint-cmia-cotton/) (<https://cottonmadeinafrica.org/en/news/environmental-footprint-cmia-cotton/>) of the study, including a review report, is set to be published in April 2021.





THEORY OF CHANGE

The impact model outlines CmiA's activities and its intended medium- and long-term changes.

Small steps can have big effects. But which action leads to which result? This is the subject of Cotton made in Africa's Theory of Change (ToC), revised and refined in 2020. A theory of change is an impact model that defines which levers are used to effect specific, intended impacts. The resources used should synergise to achieve CmiA's objectives: improving living conditions for people in cotton production and protecting the environment in the participating regions south of the Sahara.

Cotton plays an important role in fighting poverty because small-scale farmers and their families earn their income from selling cotton. Fluctuating prices on the global market, poor productivity, and a weak infrastructure affect people's harvests and incomes negatively, with changing climate conditions significantly exacerbating these detrimental effects.

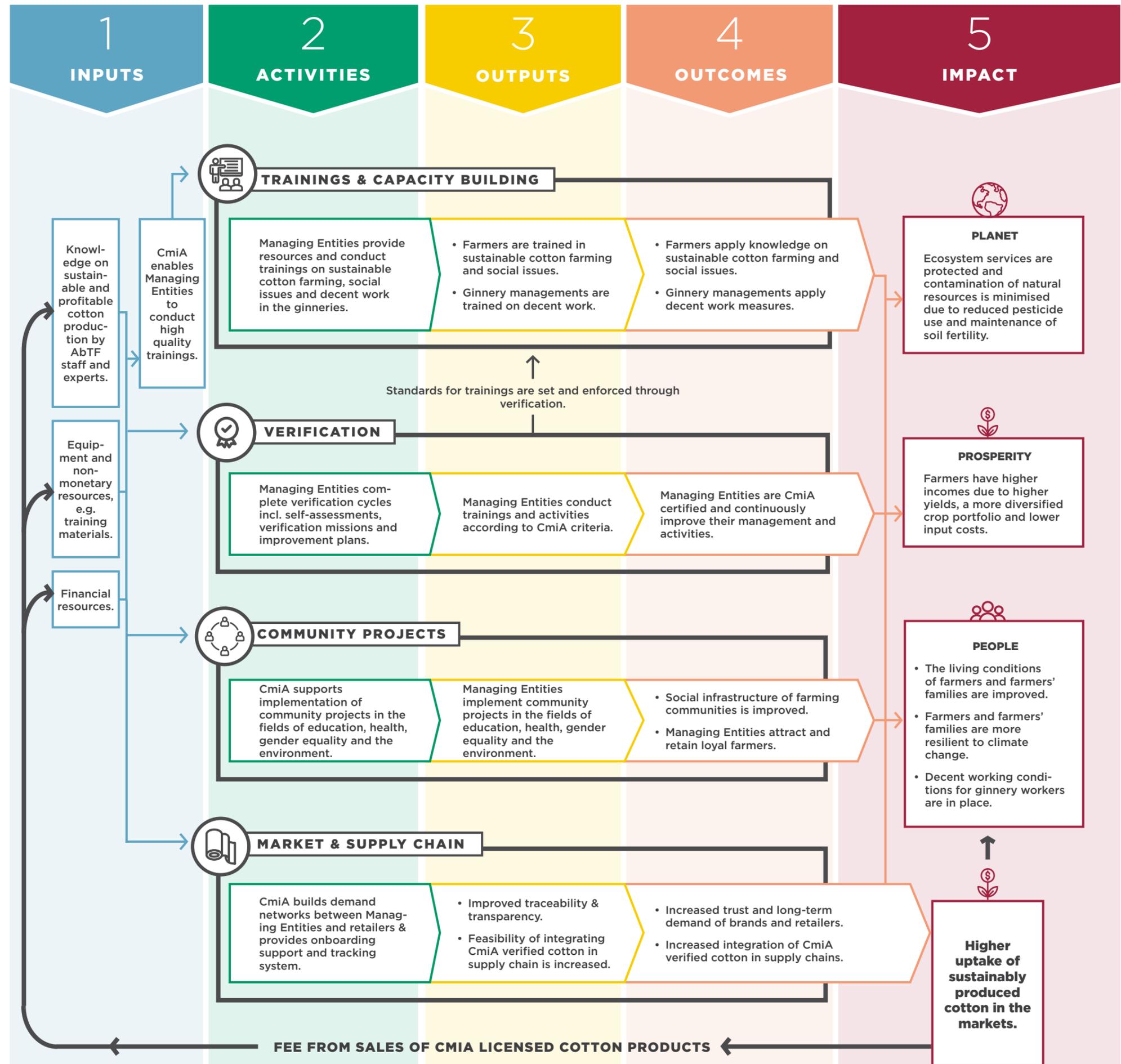
CmiA's work is based on the three pillars of sustainability. Forming the core of Cotton made in Africa's standards and buttressed by the ToC, the pillars are:

PEOPLE: CmiA supports small-scale farmers and promotes dignified employment conditions, gender equality, and respect for the rights of children.

PLANET: CmiA is for the protection of soil, water, biodiversity, the environment, and the climate; it categorically prohibits genetically modified organisms, and it reduces the negative effects of crop protection.

PROSPERITY: CmiA makes it easier to access high-quality equipment and supplies, increases productivity and fibre quality, and advocates for improved living conditions.

The ToC outlines which activities CmiA undertakes and which intermediate stages are necessary to achieve these long-term goals. This is based on substantiated assumptions, called impact hypotheses, which are reviewed and adjusted through regular data collection and evaluations.





MEASURES TAKEN TO COMBAT COVID-19

Helping fight the pandemic are: 53,500 bars of soap, 1,400 litres of liquid soap, 2,900 containers of disinfectant, 6,400 face masks, and informational posters in various languages.

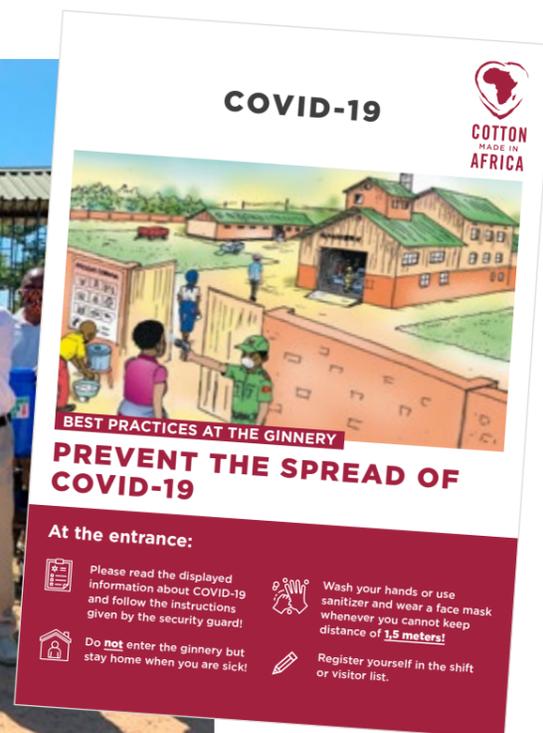
COVID-19 has affected almost everyone in the world. Businesses, restaurants, and schools have had to close. People have lost their jobs and their access to healthcare and commerce. Some countries in Africa also recorded rapidly rising infection rates. Preventive measures were not always taken, often due to a lack of funding or to indecision on the part of the government. However, AbTF had already started its own COVID-19 initiative in April 2020, aiming to stem the spread of the dangerous virus early on. This initiative was implemented by the partnering cotton companies, with AbTF providing funding and informational material.

Fundamental hygiene measures were intended to reach as many farmers as possible and had to be distributed fairly—an enormous undertaking in such a short time. For this immediate aid measure, AbTF provided nearly EUR 60,000, which were used to buy soap, disinfectants, and face masks. The CmiA partners also printed and distributed over 10,000 posters displaying texts and easily comprehensible illustra-

tions to inform people about COVID-19 infection risks and hygiene measures relevant to cotton farming or ginning operations. This was combined with discussion forums and hygiene training. Nine partner companies made use of the offers and the immediate aid measures. Other cotton companies were unfortunately unable to participate, despite their great interest, because the governments in their countries had imposed strict stay-at-home measures or the companies had ceased sending their employees into the fields in order to protect their staff and the farmers.

Nevertheless, this aid effort was a complete success. Our partner Alliance Tanzania thanked us, saying,

“The community was grateful ... for having recognised their plight and coming to their rescue.”



SUPPORTING WOMEN, REVITALISING VILLAGES MANY SMALL PROJECTS AIM TO STRENGTHEN WOMEN'S ROLES AND CHANGE VILLAGE LIFE.

In the country of Côte d'Ivoire in western Africa, the CIDT cotton company is working to improve small-scale farmers' living conditions by promoting their health, opening up access to education, and offering women special support. Since 2019, CIDT has been benefiting from co-operation with the CmiA Community Cooperation Programme (CCCP).

The woman in charge of implementing and supervising CmiA criteria at CIDT can be found in its department for sustainable development, where Haissata Kaba is the head of the department for projects and partnerships. She also oversees support activities for the cotton farmers, for their village communities, and for women as a group.

The CIDT cotton company wants to improve the lives of small-scale farmers in Côte d'Ivoire. Which successes have left the biggest impression on you in the past year?

Working with the CmiA Community Cooperation Programme (CCCP) is a big help. It has already allowed fantastic projects to be implemented. For example, a water pump was built in the village of Todeni (Mankono). The village residents, who used to have to walk a long way to get drinking water, now have clean water nearby. This lets them stay healthier and focus on their work and their families. In another project, an ecological school is being built in the village of Nawokaha. The special thing about this school is that the pupils learn about the agricultural aspects of planting and maintaining their own vegetable gardens in addition to the normal syllabus.

The COVID-19 pandemic is having a significant impact on all of our lives. How has it changed CIDT's work and the lives of the farmers?

The Ivorian government introduced restrictive measures at the beginning of the pandemic, for example proscribing gatherings and intercity travel. This had an enormous impact on the economy. CIDT had to reduce its activities in the fields to a minimum. Demand for cotton for export cratered.

Were special protective measures taken for the farmers?

Handwashing kits and disinfectants were made available in CIDT's offices, and all employees received face masks. To protect the health of our cotton farmers, AbTF provided funds for the purchase of soap, disinfectants, and handwashing equipment. In addition, it provided us with informational material about

COVID-19 and about the correct preventive measures so that the farmers could be offered training when CIDT's agricultural consultants visited the villages. In this way, the farmers learnt about the dangers of SARS-CoV-2 and were able to protect themselves at work and their families at home.

What are the biggest challenges for sustainable cotton production during the coronavirus pandemic?

The anti-coronavirus measures have to be co-ordinated with the sustainable growing of cotton in Africa. This is not always easy because the work in the fields and commercial activities have been restricted. Nonetheless, we must find solutions that protect people's health and are acceptable to everyone.

Looking into the future, how should the cotton industry evolve?

My wish would be for our cotton farmers to become confident and independent entrepreneurs who view their fields as capital. They should be able to independently predict their crop yields and also identify their risks. If they themselves are in a position to modernise their operations and to make their investments profitable, they can improve their own standards of living and those of their village communities. That would be a big step towards a better, self-determined life.



HAISSATA KABA
Head of Projects and Partnerships at CIDT



WOMEN'S CLUBS, BEEKEEPING, AND VOCATIONAL TRAINING FOR YOUNG PEOPLE

Since its beginnings, the CmiA initiative has prioritised a better life for the small-scale farmers. It has shown great commitment to this goal because perseverance is the key to sustainable success. The CmiA Community Cooperation Programme (CCCP) supports projects that promote the education, health, and status of women as well as the protection of the environment. This is only possible in conjunction with local partners. Here are a few special activities changing the lives of cotton farmers in a big way.

ZAMBIA

Women's Clubs Promote Self-Determination

In Sub-Saharan Africa, women tend to do much of the work in the fields in addition to taking care of the household, the children, and the elderly, but they rarely en-

joy the same rights and status as the men. The living conditions of small-scale farmers only improve if women receive the necessary support. To this end, CmiA is working with the cotton companies to advocate for the rights of women and their position in society. One

approach is to establish women's clubs. This involves several women (20-30) from a village coming together to form a club and work a cotton field together. The resulting income is distributed between the club members. In several cases, the clubs want to conduct additional income-generating activities, which generally require start-up capital. In 2020, 13 clubs with around 365 members were supported in Zambia through four women's-empowerment projects implemented by the cotton companies Alliance, Continental Ginnery Ltd, Highlands Cotton Trading, and Grafax.

Each women's club has a different focus. Some invest in breeding goats, others in a tailoring project. All groups get together regularly, maintain statutes, and have a variety of positions that are filled by the women, like chairwoman, secretary, and treasurer. The resulting exchange of ideas allows them to create exciting projects and initiatives.



TANZANIA

School Buildings and Wells for 670 Pupils

Education is the key to a better life. AbTF therefore places great value on children and young adults in Africa being able to learn. The region of Simiyu in Tanzania has made great strides towards a better education system. In a school project, the Alliance cotton company built four classrooms, four latrines, and one administration building. In addition, a well was dug between a primary school and a vocational training centre to offer the pupils access to fresh water.

A total of around 670 pupils benefited from this project. They can now learn in a safe environ-



ment. livelihoods and career opportunities other than agriculture. Each of the two buildings contains one large classroom, an administration and office space for the teachers, and a storage space for the equipment and tools required for the practical education as a carpenter or tailor. A kitchen, a dining hall, and toilets were also built. The students can now choose from four training streams: tailoring, food science and processing, carpentry, and masonry. There are between 20 and 25 teenagers and young adults in each course. For them, the new vocational education centre represents a big step towards a better future.

TANZANIA

A New Vocational Education Centre for Young People

Young people need space to learn and grow. In early 2020, the Kasoli Vocational Education Centre (district of Bariadi) was unofficially opened. AbTF and Alliance Tanzania had begun construction together with funding from an endowment. In October 2020, the centre, called *Eduard und Anneliese Pestl Ausbildungszentrum*, was ceremonially handed over to the local authorities in a big, public inauguration event. It was even reported on Tanzanian television.

Now, teenagers and young adults have a chance at a professional education, which opens up

people? It can, as shown by an apicultural project. Since AbTF's founder, Prof. Dr Michael Otto, visited Tanzania in January 2018, AbTF has been in close communication with African People & Wildlife (APW), an organisation for the protection of nature and animals. This has given rise to an exciting project: Through microcredits and training programmes, women in rural Tanzania are trained as beekeepers, and a centre for the businesswomen is also being built.

Both people and nature are reaping the benefits: The women earn an independent income while protecting nature and maintaining key grasslands and corridors for wild animals. Although the plan initially called for 15 women's groups to be supported through the microcredits, this figure has now risen to 25. As a result, APW's projected number of 150 recipients rose to an actual total of 250 women.

TANZANIA

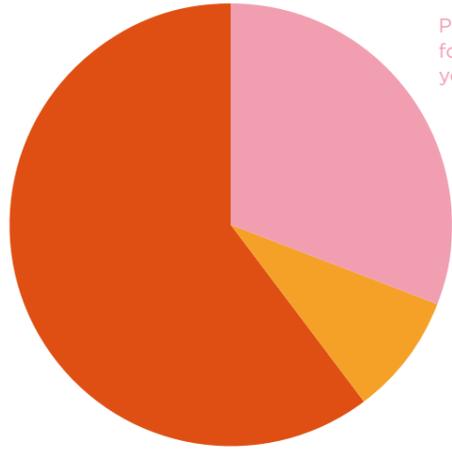
Microcredits for Beekeeping

Can environmental protection also be profitable for ordinary



438

Project funds disbursed



226

Provisions AbTF for subsequent years

63

AbTF management contribution

Cooperation projects in 2020, Figures in kEUR

ETHIOPIA

Clean Water for Cotton Production

Cotton farming and textile production can waste or contaminate water, a resource that is especially valuable in Africa. Due to its scarcity, saving water is of immense importance. In January 2020, AbTF and a project consortium began working on a water stewardship project funded by the Swiss Agency for Development and Cooperation (DEZA). The consortium is made up of five equal partners: AbTF, the Alliance for Water Stewardship (AWS) from the UK, AWS Africa partner Water Witness International, the UK-based Carbon Disclosure Project (CDP), and the Ethiopian country office of the Netherlands-based organisation Solidaridad.

The goal is to minimise water pollution in the cotton, textile, and garment sector by bringing together stakeholder groups from throughout the value chain to re-

sponsibly manage water resources. AbTF's focus is on developing training material for small-scale farmers; these are being tested in Ethiopia by Solidaridad. The objective of the training measures is for the people working in the cotton-growing sector to learn how to use water effectively and efficiently and how to avoid contaminating the resource.

The project will run for a total of three years. With 2020 being the first project year, AbTF was primarily involved in creating a baseline study on opportunities and challenges related to water management in the Ethiopian cotton sector. Based on these insights, training material is being created for the agricultural consultants who will train both small-scale farmers and managers on large-scale farms. The resulting benefits will extend beyond Ethiopia's borders since these training approaches are meant to be transferable to other CmiA farming regions.

MOZAMBIQUE

Reducing Pollution by Recycling Pesticide Containers

In Mozambique, a special recycling project established by CmiA and the SAN-JFS cotton company is being continued, allowing cotton farmers to drop used pesticide containers off at eco-points. Women from the farming communities work at these stations as eco-activists, collecting the empty containers and administering the refunds. Both farmers and eco-activists receive a bonus from the cotton company for each container that is returned. This helps not only them but also the environment because SAN-JFS collects the containers, shreds and melts them, and then makes something new from the recycled material. The villagers participate in training sessions on waste reduction and learn about recycling. In the space of two years, they succeeded in collecting 160,000 empty pesticide containers that would otherwise probably have landed in illegal dumping sites or directly in the environment. This project benefits 40,000 small-scale farmers from the villages where cotton farmers are working with SAN-JFS. On the following page, eco-activist Justina Fernanda Afonso reports on her work.

TURNING OLD TO NEW

Eco-activist Justina Fernanda Afonso collects empty pesticide containers for the SAN-JFS cotton company, which then recycles them. Here, she talks about the joy she takes in her work.

You describe yourself as an eco-activist. What does that mean to you?

I am a very peaceable activist and try to change things one step at a time. We are activists for nature. I collect garbage, especially empty pesticide containers made from plastics. Then, I hand them over to the SAN-JFS cotton company. If the pesticide containers are left lying around the villages, they can cause severe, irreparable damage in our environment, especially in our soil. These plastics take many hundreds of years to



JUSTINA FERNANDA AFONSO, Eco-activist

decompose. It is also possible for toxins to leach into the soil. This damages our harvests, and we cannot feed our families as well.

Isn't it dangerous to work with empty pesticide containers?

It is, but I wear special protective gear consisting of a mask and gloves. I also wear a *capulana*—a typical African wrap dress made of thick fabric—and a t-shirt that identifies me as an eco-activist. This lets people know right away who they are dealing with.

What happens to the pesticide containers afterwards?

I deposit them in a large crate that is not accessible to children. Then, crucially, I wash my hands with soap and water. The containers are eventually picked up by the cotton company.

What improvements has the collection system brought about?

People used to store cooking salt in the plastic containers. Others threw them into the river or buried them underground. But after the training provided by SAN-JFS and the awareness raised in our community for environmental and health protection, we have noticed a significant improvement. There are no more discarded containers to be seen in fields, ponds, wells, or rivers.

What is your favourite part of your work?

I really enjoy collecting the empty plastic containers. I'm glad that the small-scale farmers bring them back and I do not have to chase after them. This project makes us eco-activists and the cotton company happy. It helps the environment and the people in the villages.



CMIA IN THE TEXTILE CHAIN

2020 marked a watershed for CmiA's future, with CmiA-Organic enjoying greater demand than ever, a new tracking system ensuring transparency in the supply chain, and sustainability playing an increasingly significant role for end consumers.



TEXTILE CHAIN

SIGNIFICANTLY GREATER REACH

Sustainable cotton from Africa has gained significant ground in the textile production markets. With over 200 spinning mills and fabric producers registered with CmiA in 2020, there are now more mills and producers processing cotton under the sustainability standard than ever before. This offers CmiA's trading partners access to a steadily growing network of production plants, especially in Asia, and ultimately increases demand for the raw material from Africa. In total, CmiA partners brought around 276 million products bearing CmiA's red heart label to market in 2020 — a respectable 121 percent more than the previous year's 125 million.



DIGITALISATION AND THE CORONAVIRUS

The COVID-19 pandemic gave digitalisation a boost throughout the world, including at AbTF. Because it was so difficult to travel in 2020, the organisation improved its digital documentation, created a lot of training material, and set up numerous webinars to replace workshops and round-table meetings. This allowed all necessary training to be conducted despite travel and contact restrictions, in fact reaching even greater numbers of international partners in the supply chain.

CMIA AT THE HEIMTEXTIL TRADE FAIR

In early 2020, shortly before the coronavirus pandemic brought public life to a standstill, CmiA participated in the Heimtextil trade fair in Frankfurt am Main. After many years as a regular at the largest international trade fair for textile interior design, the organisation chose to debut the latest addition to its family there, introducing The Good Cashmere Standard®. For half a century, Heimtextil has been a mood and trend barometer for the coming business year; last year, it celebrated its 50th anniversary with nearly 3,000 exhibitors and more than 62,000 visitors. This year's results once again reinforced Cotton made in Africa's status as a well-known and recognised standard in the sector.



TEXTILE CHAIN



and credibility, CmiA-Organic perfectly fulfils the needs of CmiA's trading partners.

In response to consumer demands for even greater transparency and traceability in the commodity supply chain, CmiA continued to develop its own tracking systems in 2020. Starting January 2021, the new SCOT – short for Sustainable Cotton Tracker – system will offer enhanced traceability regarding sustainability in CmiA's Mass Balance system (see page 24).

A YEAR OF DEVELOPMENT

CmiA used the past year to further develop a variety of products, including CmiA-Organic. The reason for this is a pleasing one: Global demand for organic cotton has risen dramatically in the past years. In addition to benefiting from this global trend, African cotton is seeing rising demand due to difficulties in the Asian cotton market, which include a trade war between India and Pakistan as well as a crisis of confidence following a fraud scandal regarding organic cotton from India. Representing organic production

GREATER TRANSPARENCY THROUGH SCOT

Reliability in the value chain is more important to consumers than ever. This requires transparency from the very first stage, starting with the production and the processing of the raw materials. With SCOT CmiA developed a new tracking system in 2020 that connects trading partners' orders with the required amounts of raw materials for the first time, thereby making it possible to analyse material flow in detail. The entire textile chain is incorporated into the system (see the interview with Gerlind Bäß on the next page).

“GREATER TRANSPARENCY THROUGH OUR TRACKING SYSTEM”

Global trading companies must be able to rely on transparency in the value chain — while also taking on more responsibility themselves. Incidents underlining the need for more insight and traceability in the supply chain are not infrequent, especially in countries like China and India. In response, Cotton made in Africa developed the SCOT tracking system. In this interview, Gerlind Bätz explains how it works and who can use it.

Ms Bätz, what exactly is SCOT?

Throughout its history, CmiA has developed various systems to ensure a degree of transparency and data security. With most clients working under the Mass Balance system (MB), it was not always easy for us to provide a reasonable degree of transparency as well. As the years went by, retailers increasingly began letting us know that they wanted to use sustainable cotton. We developed SCOT to be able to meet their needs without abandoning the Mass Balance system.

What kind of information does SCOT track?

All partners in the textile chain are integrated into the system, which is based on CmiA ordering data and purchase orders provided to SCOT by our licensing partners, i.e. the trading companies. Building on these orders, all producers of products, fabric, or yarn record their sales and purchases in the system. Cotton quantities are recorded at each production stage, making it possible to calculate the exact amount of cotton used to fulfil each individual order.

What comes next for SCOT?

At the moment, SCOT only works for the MB system. However, it could be adapted to fit other CmiA products as well. For example, our cotton can be used under the Hard Identity Preserved (HIP) system or as an organic cotton variant. We want to adapt SCOT for these purposes. To achieve this goal, we will need to collect more data about the individual production stages of a given CmiA item. We will also need more detailed documentation regarding implementation

in the CmiA supply chain, which we will secure by uploading the relevant documents. This will enable us to offer our clients secure CmiA implementation and reliable data for these content claims as well.

What are the advantages of SCOT?

SCOT is a user-friendly system that can be used all throughout the world. We provide the platform. Usage depends on dynamics and systematics, with every link in the value chain feeding its product information into the system. This will allow us to offer CmiA's clients an unprecedented level of control over their products in all global value chains.

Who can use SCOT?

We follow a simple principle: Anyone can use the information, and everyone must enter certain data into the system. We completed SCOT in 2020 and successfully launched it in early 2021. Retailers were already closely involved in the development phase, so we assume that SCOT will see intensive use in 2021.



GERLIND BÄZ
Project Manager
Supply Chain
Management at
Cotton made in
Africa

“GLOBAL CHALLENGES AFFECT ALL OF US”

Lidl has been a CmiA partner since early 2020. Dr. Alexander David, Head of CSR Purchasing International at Lidl, discusses this young partnership and Lidl's goals for a sustainable future.

What message does Lidl want to bring across with the sustainability motto “On the way to tomorrow”?

We are convinced that sustainable entrepreneurship is the future. That is why we want and need to start working today on the questions that will require answers tomorrow. “On the way to tomorrow” describes this approach and the various activities it involves, which help to prevent the endangerment of natural living spaces, to treat people in our supply chains fairly, and to offer consumers a sustainable and healthy product range. We want to act responsibly in order to deliver quality every day of the year. This includes addressing challenges like dwindling resource availability or the environmental effects of commodity farming. Through deliberately selected measures and clear goals, we are preparing our company for the future.

However, we cannot create a sustainable future on our own. On the way to tomorrow, we are working together with many strong partners, like Cotton made in Africa. With the support of the initiative, we want to shift our home-brand products to 100 percent sustainable cotton by the end of 2022.

That is not far away. Is this really a realistic goal?

There are large quantities of cotton moving through our supply chain. Because of this, we have been working to progressively increase the proportion of sustainable cotton in our supply chain for several years and are now procuring cotton through the Cotton made in Africa programme and from certified organic sources (GOTS or OCS). In addition, we are an active member of the Partnership for Sustainable Textiles and the Action Collaboration Transformation initiative (ACT), both of which support human rights in the supply chain. We are therefore confident that we will reach our goal.

Why did Lidl decide to partner with Cotton made in Africa?

This partnership is a key building block for us to make our procurement of cotton more sustainable. This is a priority for us due to the social and ecological aspects of cotton cultivation and processing. With CmiA textiles, we are expanding our product range and

making it possible for our customers to consciously select a sustainable alternative. This includes creating the right incentives and offering consumers the communication and transparency they need to make more sustainable purchasing decisions.

Through its collaboration with CmiA, Lidl embraces its responsibility for society and the environment by demonstrating that agriculture, social responsibility, and environmental protection are not mutually exclusive when it comes to commodities.

As an international company, how is Lidl working with its 32 national branches to address sustainability?

Global challenges, like climate change or growing social inequalities, affect all of us. Lidl maintains a presence in over 30 countries. Not all markets are the same—public debates have different priorities, and legal frameworks vary. For this reason, our branches take the expectations of local stakeholders and the dynamics of individual markets into consideration when pursuing their own initiatives and objectives. However, despite these differences, we at Lidl share an understanding of sustainability in all of our locations. We want to offer our customers the most sustainable products at the best price every day. This only works if we, as a company, demonstrate responsibility for people, society, and the environment in our daily actions. Strong and reliable partners like Cotton made in Africa are essential for this to succeed.



→
“Our products with the Cotton made in Africa label support a sustainable cotton cultivation in Africa.” Shown here is a product photo.



“ORGANIC COTTON MEETS THE NEEDS OF OUR TIME”

The job of cotton trader has changed. Marco Bänninger, who has been with Paul Reinhart AG for over 25 years and now holds the position of head trader for hand-picked cotton, sees a lot of potential in organic cotton from Africa.

Mr Bänninger, how has international demand for sustainable cotton been developing recently?

Developments in global demand have been positive at all stages of the processing chain. It seems especially important to me that demand is steadily rising relative to production. This is crucial for ensuring the long-term success of sustainability initiatives.

As a key commodity, organic cotton has largely been sourced from India. What is your view on the future of organic cotton from Africa?

I would estimate current production levels of African organic cotton at around 20,000 tonnes of lint. It is important not to lose sight of the relative figures: Roughly 20 percent of globally produced organic cotton comes from Africa. That may not sound like much, and if you put this figure into the context of overall cotton production in Africa, it could even seem like a niche market. But I am confident that production will increase significantly in the coming years. One advantage is that, in contrast to India, genetically modified seeds play virtually no role in Africa.

How does the global market price of non-organic cotton compare to the price of organic cotton from Africa?

As a rule, organically produced cotton sells for around 20 percent more than its conventional counterpart. Recently, this figure has been increasing rapidly because organic cotton is playing an ever greater role for retailers, who now want to know not only the production methods but also the origin of the cotton. Organic cotton's guarantee of traceability throughout the supply chain meets the needs of our time. This growing demand could help increase prices. In addition, the availability of organically produced cotton from India has fallen significantly, shifting demand to other cotton-producing countries.

How is Cotton made in Africa different from other sustainability standards?

A key aspect of CmiA is its commitment to enabling small-scale farmers in Africa to improve their living and working conditions. Through our involvement in ginneries in eastern and western Africa, we are familiar with the particulars of cotton production and have become convinced that sustainable working conditions are in the best interests of everyone concerned. As the leading standard for sustainably produced cotton from Africa, CmiA is—to be frank—also important to our commercial interests. If we did not offer our customers sustainably produced African cotton, we would simply be missing out on their business.

The market share of CmiA-Organic cotton is relatively low. Do you still see potential for growth?

Absolutely. However, I think it is important not to focus too much on current demand levels and instead strive for sustainable growth. We cannot expect any miracles in terms of production amounts in the coming years, especially during the switch to organic cotton. However, if we aim for qualitative growth, for example taking into consideration the farmers' yield potentials, I think that we will be hearing a lot more about organic cotton from Africa.

What are your hopes for African organic cotton going forward?

It would be a little presumptuous to expect organic cotton from Africa to overcome its niche status in the near future. I would wish for organic production to be bolstered in places where it primarily benefits the farmers.

As a cotton trader, can you imagine a future without organic cotton?

No, I cannot. The role of the cotton trader has changed or, shall we say, expanded. That is partially because sustainably produced cotton plays such a big role these days. I believe that we are still in the first stages of this development, especially regarding issues like traceability. In the future, the entire supply chain will have to work together more closely; this will be a challenge for us cotton traders as well.



TEXTILE CHAIN

TEXTILE CHAIN



MARCO BÄNNINGER
Marco Bänninger has been working at Paul Reinhart AG for more than 25 years. Since 2015, he has held the position of head trader at the Swiss company.

Broadly speaking, what does sustainability mean for the African continent?

A lot of good things, I hope! Especially for the people who grow up and live there. Africa is facing a challenge in that many young people are completing an education and are aspiring to future prosperity. How sustainability is managed is therefore key for the future of the entire continent.

“BY 2022, WE ONLY WANT TO SOURCE SUSTAINABLE COTTON”

Camilla Skjønning Jørgensen is the manager for sustainability, sustainable materials, and innovation at BESTSELLER. Speaking for Denmark’s largest fashion company, she sees CmiA-Organic as an opportunity to offer solutions to the climate crisis.

As Denmark’s largest fashion company, BESTSELLER’s brands include VERO MODA, ONLY, and JACK & JONES. You are now also the first of our partners to use Cotton made in Africa-Organic. Why did BESTSELLER decide to go with CmiA-Organic?

CmiA-Organic has some quite distinctive attributes, as the standard goes beyond regular ecological sustainability focusing on nature protection. It also includes social and economic criteria with improvement of livelihoods for farmers and their families at its core. They only work in Sub Saharan-Africa and with smallholder farmers, who are very vulnerable in terms of climate change and food supply, to name a few. In short, CmiA-Organic is better for the planet as well as for the farmers. It is even fully traceable; from fields to final products.

There are so many positive aspects of CmiA-Organic. Adding organic cotton practices on top of CmiA’s regular work makes this standard highly demanded, which is all the more reason that we are particularly pleased and proud to be the very first brand to offer CmiA-Organic products.

What percentage of BESTSELLER’s cotton is organic?

Presently, around 20 percent of all our sourced cotton is organic. BESTSELLER’s current target is 100 percent more sustainable cotton by 2022 and within our 100 percent commitment we have a goal of sourcing at least 30 percent from organic cotton by 2025.

Since 2020, BESTSELLER has been operating its own laboratory, Fashion FWD Lab, with the ultimate goal of increasing the sustainability of its textile production. What kind of research are you doing, and how does organic cotton from Africa figure into it?

Our Fashion FWD Lab catalyses more sustainable initiatives into all BESTSELLER brands. CmiA-

Organic fits into Fashion FWD Lab as we need to implement new structures and create new links between supply chain partners all the way from farm level and up. We support brands and their supply chain to adopt this new process. In other words - it’s not the organic cotton which is new; it’s the structures and the way we work that are.

More and more companies are hiring sustainability managers like you. How prevalent is the issue of sustainability in Denmark, and how important is it to Danes (i.e. the end consumers)?

I hope it is important - which is also my impression. But to be honest, it’s not really my main focus. We are doing this as a company because we want to ensure we do our best to lower our environmental and social impact. We are facing a climate crisis, and the question is not if we should do it, which is obvious. It’s the how that we need to find solutions for. And we see CmiA-Organic as a contributor to the solution.



CAMILLA SKJØNNING JØRGENSEN
Materials & Innovation
Manager
Bestseller A/S





CMIA IN THE MEDIA

CmiA's marketing and communications experts had two goals for 2020: increasing target groups' emotional bond with the brand and further developing the branding itself – a clear success on both counts.

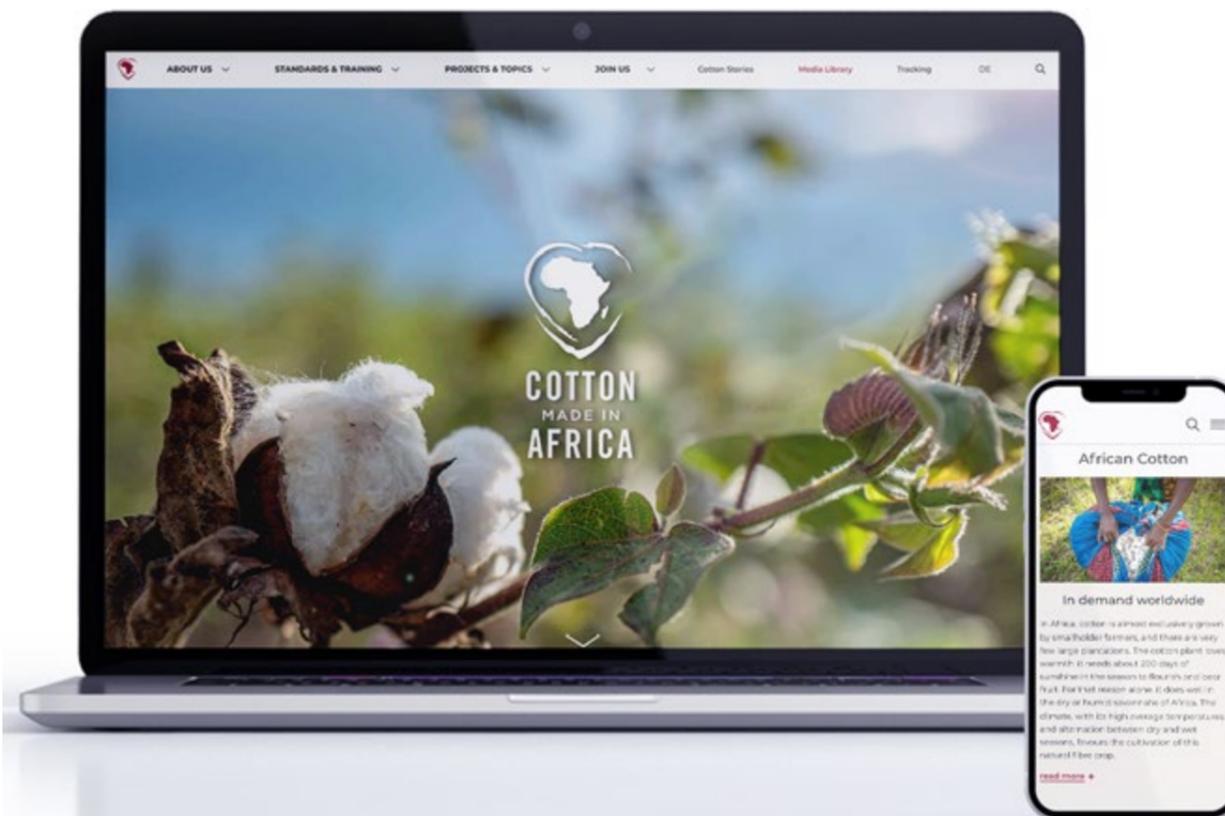
IN THE MEDIA



Social Media

With several moving and dynamic video clips, CmiA drew attention to its key concerns on various social media channels in 2020. Whether dealing with environmental protection, children's rights, or gender equality, each video showcases an important aspect of the work and makes it clear that buying CmiA-labelled products means doing good. The 15-second clips appear on platforms like Instagram and Facebook, and several CmiA partners also use them in their own marketing efforts.

→ www.test.de/Textilsiegel-im-Test-Wegweiser-fuer-nachhaltige-Kleidung-5485649-0/



SUCCESSFUL WEBSITE RELAUNCH

IN THE MEDIA

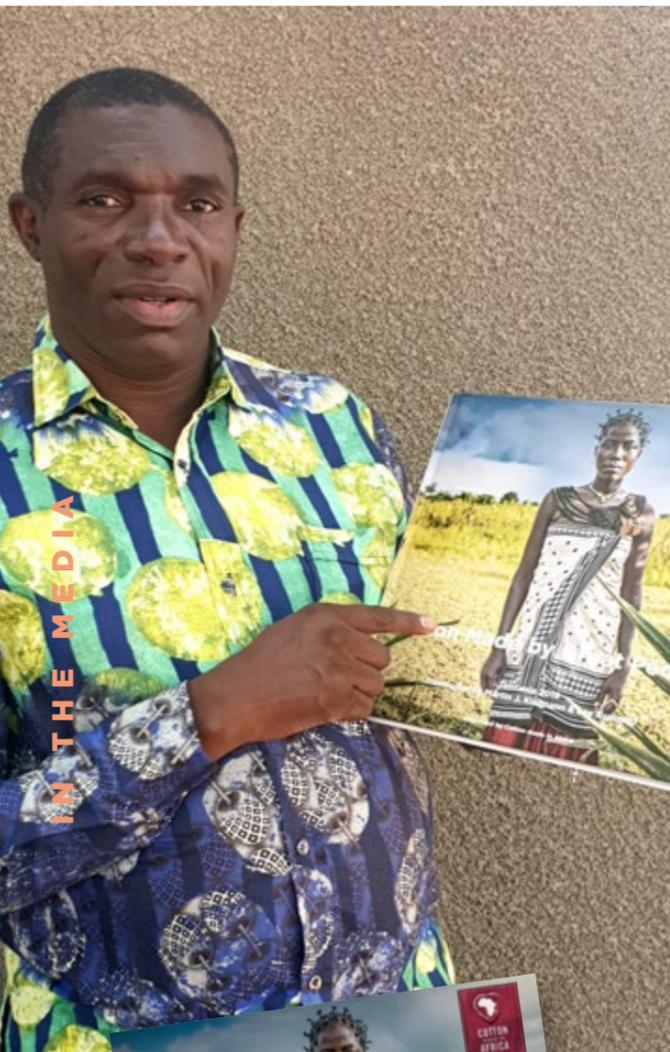
Inviting, clear, and informative: Cotton made in Africa overhauled its website in 2020. The result is a platform with a modern look that impresses visitors with passionate pictures and animations. Central topics – like the foundation's history, current projects, and information about the sustainability standard – are organised in a simple and well-structured way so that everyone can navigate them quickly. In the Cotton Stories section, anyone who is interested can learn more about the people behind the cotton – from the cotton farmer in Uganda to the textile producer in Bangladesh. Up-to-date figures present the facts in an easily digestible way, and impactful pictures, presented in a modern look, transport the viewer into the project region. The page was optimised for mobile use as part of the relaunch and now offers a shop finder as well as a comprehensive database with documents, pictures, and information for various target groups. End consumers only need a few clicks to find the CmiA partners who sell products with the red seal in their web stores.

→ www.cottonmadeinafrica.org/en





"COTTON MADE BY GREAT PEOPLE": COFFEE-TABLE BOOK FROM TANZANIA



What began in 2019 on a trip to Tanzania matured into an illustrated book in 2020: "Cotton Made by Great People" by Martin Kielmann and Lee Esposito. For this book, the photographer and the film-maker followed farmers from the cotton Company Alliance Tanzania, a long-time CmiA partner. "It left a deep impression on me to photograph people who master daily life so authentically with their energy, inventiveness, and connection to nature", Martin Kielmann reports enthusiastically.

Boaz Ogola, the head of operations for Alliance Tanzania, is thrilled by the 150-page result and "remarkable pictures", saying,

"We are always happy to have visitors because they grow to understand us and our needs much better. Martin and Lee got to know the people in the cotton fields and the ginneries, portraying our everyday lives like I have never seen before."

Together with CmiA, Alliance Tanzania has successfully completed a variety of projects since 2004: "The old building of the Kasoli Health Centre has been renovated, and a maternity ward was added to bring down the mortality rates of expectant mothers and their children," reports Ogola, continuing, "We also built wells in various places and installed water collection systems in schools, health centres, and vegetable gardens. To improve school infrastructure, we worked with CmiA to expand Mwamlapa secondary school by 22 modern classrooms, sanitation facilities, and a girls' dormitory. The lives of the people here keep improving—and that is what truly counts."



↑ The illustrated book by Martin Kielmann and Lee Esposito about Tanzania.

CMIA ON TV: DOCUMENTARY BY QUARKS ON DAS ERSTE

The editors of the German science magazine *Quarks* shone a light on the environmental and labour conditions of the clothing industry, following the path cotton takes from the field to the rack in an evocative documentary released on the German TV channel *Das Erste*. Who earns how much money for a t-shirt hanging in the shop priced at EUR 4.99? How many chemicals and how much water does the textile industry use? And how can fast fashion, with its child labour and environmental pollution, become fair fashion when everyone is so concerned about price? Running just under half an hour, the documentary—whose title translates to "Madness in Clothing and How to Escape It"—shines a light into the darkness of the label jungle and finds one label to be especially exemplary: Cotton made in Africa's red seal. It is "a very special seal that pays particular attention to the first step: cotton growing", says host Ralph Caspers. ARD broadcast the documentary in the summer of 2020.

→ <https://www.daserste.de/information/wissen-kultur/quarks-caspers/sendung/der-kleider-wahnsinn-und-wie-wir-ihm-entkommen-koennen-102.html>



The Stuff Dreams Are Made Of: CmiA Product News

In 2020, star designer Wolfgang Joop launched his second interior collection for CmiA partner ALDI SÜD to major media coverage. Joop's The Stuff Dreams Are Made Of collection—the word for stuff also meaning fabric in the collection's original German name—is one of the ALDI collections that support the CmiA initiative. It includes bed linens, throw pillows, and blankets.

Two Podcast Appearances

Tina Stridde, the managing director of the Aid by Trade Foundation, appeared on two podcasts in 2020. On 7 October, for World Cotton Day, she explained CmiA's work on O-Ton, a weekly podcast by OTTO. Together with host Ingo Bertram and Maren Sypniewski from OTTO's sustainability team, she discussed environmental aspects at CmiA, the significance of sustainable cotton, and changes in end consumers' buying habits. Only one week later, the young American podcast host Amelia Easley welcomed Tina Stridde onto her show. The up-and-coming environmental technician from California, who founded the Sustainability Of podcast, spoke with the managing director of AbTF for nearly an hour, discussing sustainability, fair fashion, Cotton made in Africa, and The Good Cashmere Standard®.

→ OTTO Podcast (<https://podcasts.apple.com/de/podcast/o-ton-38-kann-baumwolle-wirklich-nachhaltig-sein/id1487080952?i=1000493861823>)

→ Sustainable Of Podcast (<https://podcasts.apple.com/us/podcast/25-sustainable-cotton-cashmere-aid-by-trade-foundations/id1502045587?i=1000494717064>)





“WE ALL NEED TO PULL TOGETHER”

In autumn 2017, Andreas Streubig took over as Director of Global Sustainability at HUGO BOSS. Here he explains why brands should design clothes that become the wearer’s favorites and why fashion and sustainability are not mutually exclusive.

Mr Streubig, fashion is always changing and updating. How does this fit with your company’s strategy of increasing sustainability?

Fashion and sustainability can work well together, as we have shown at HUGO BOSS. On the one hand, our styles have always been timeless, durable and of high quality; people can and do wear our clothes for a long time, and we want to design clothes that become our customers’ favorite things to wear. On the other hand, all of our styles—especially our “RESPONSIBLE” styles—meet exacting sustainability standards so that we can continually improve our impact on people, animals and the environment.



ANDREAS STREUBIG
Director Global Sustainability HUGO BOSS

Clothes are frequently made with materials sourced from developing countries. What are your requirements and priorities for your suppliers?

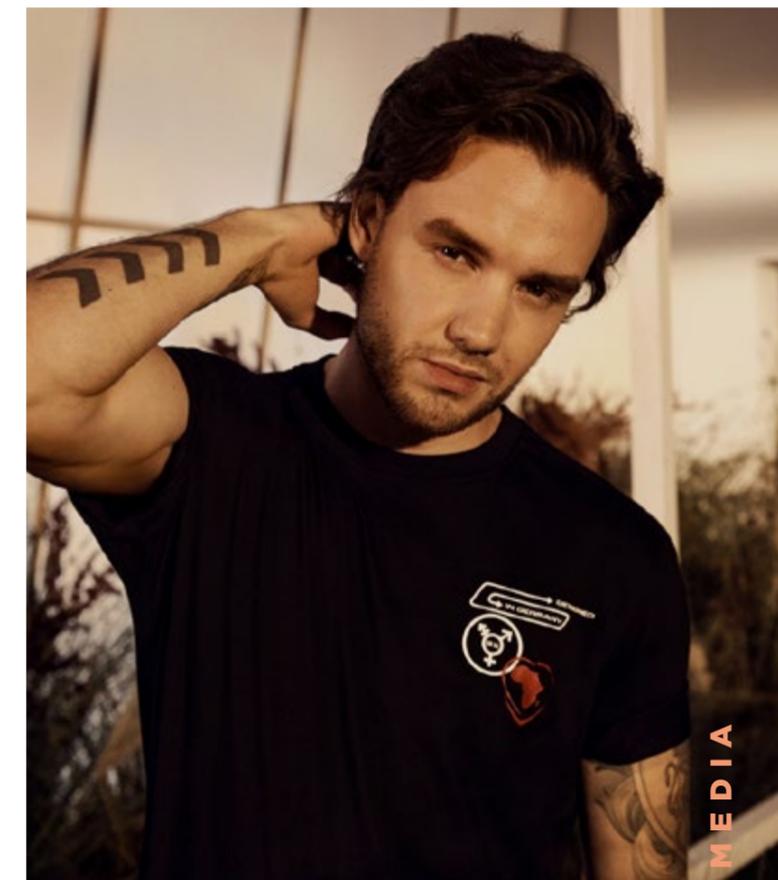
“In these countries, it is above all external factors such as politics and culture that play a defining role. However, companies like ours also bear responsibility; we can and must do our part. We therefore see long-term co-operation with our partners as an opportunity to continue developing together, and we provide training for them. We have already made major progress together over the past few years by doing this.”

“I think with everything going on this year, we’re all thinking about the future a lot more than we used to. I’m proud of what we’ve achieved with this capsule; it looks great and at the same time it highlights the important work that Cotton made in Africa does.”

LIAM PAYNE

You brought your collaboration with Cotton made in Africa into the public eye via a capsule collection with the singer Liam Payne. What can a celebrity do to promote sustainable cotton?

We are happy that Liam Payne and Cotton made in Africa are accompanying us on our journey to greater sustainability. One of our goals is to source all of our cotton from more sustainable sources by 2025. Liam Payne is a very well-known singer. He himself says that he has begun thinking more deeply about sustainability thanks to this collaboration. We will, of course, be happy if this leads young customers, who look up to him, to pay more attention to sustainability when purchasing clothing, but we are not expecting anyone to be perfect. After all, we still have quite some way to go ourselves.



↑ Singer Liam Payne in a T-shirt from the HUGO x Liam Payne capsule collection.

Talking of long-term goals, how deeply sustainable can a clothing company really become?

I see sustainability as an ongoing process of development. Of course, we still have a long way to go—both as a company and as an industry. For us, the key to achieving sustainability lies in close co-operation with our partners, as you can see in our commitment to reducing CO2 emissions throughout the entire value chain, for example. We all need to pull together.

How important is sustainable and long-lasting clothing to you personally?

To an extent, my job is also my calling, with sustainability and fashion having long been personal passions of mine. It’s something I’m really interested in and that I’ve learnt a lot about. The important things for me, in addition to things like environmental protection and social standards, are the quality and durability of the clothes. After all these years, I still enjoy wearing the first suit I ever owned from our brand.



← With its third HUGO x Liam Payne capsule, HUGO BOSS has launched a more sustainable collection.



GCS THE YEAR 2020 IN FIGURES



THE GOOD CASHMERE STANDARD®

SUCCESS IN THE FIRST AUDIT ROUND TO VERIFY CASHMERE FARMS

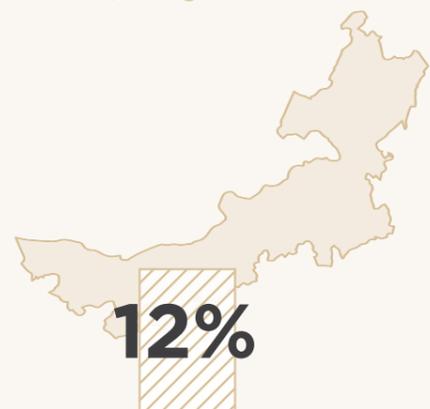


A well-established movement that made its start with cotton is now being expanded to include a different material and new project regions. The Good Cashmere Standard® (GCS) by AbTF is promoting sustainability for animals, people, and nature in cashmere production in Inner Mongolia (China). The first GCS audits were successfully completed in 2020.

1.2 Mio.
GOATS



4,300
FARMS



12%
OF INNER MONGOLIAN
CASHMERE PRODUCTION IS
GCS CERTIFIED

805 tons
GCS CERTIFIED
CASHMERE



71
SPINNING MILLS AND
TEXTILE PRODUCERS



around
1,450,000
GCS-LABELLED TEXTILES
ON THE MARKET



14
GCS BRAND PARTNERS



8
TEXTILE PRODUCTION
MARKETS WORLDWIDE

THE GOOD CASHMERE STANDARD®



Valuing Animals and People

Animal welfare and cashmere experts helped create the new standard, which covers all components of the value chain. In addition to offering consumers and companies a sustainable and certified alternative to conventional cashmere, GCS provides a way for retailers and fashion brands to make their collections more sustainable.

The standard sets criteria for how cashmere goats are kept, shorn, fed, watered, and managed. It also contains regulations for independent farmers and for employees like farm labourers. To maintain biodiversity in the farms' environs and to protect Inner Mongolia's grasslands and overall environment, GCS also establishes criteria for land use and land-use planning on the farms. The standard explicitly includes buying stations (BS) and dehairing stations (DS).

The auditing firm Elevate was chosen to independently verify the standard, with a total of six auditors being employed for farm visits in the first round.

The First Audits: Questions and Observations

The GCS verification process was conducted in 2020 for the very first time. It consisted of two elements: firstly, a self-evaluation by the farmers, buying stations, and dehairing stations and secondly, on-site audits.

In the initial stage, the buying stations (BS) and dehairing stations (DS) indicate which farmers they work with. The farmers then complete a self-assessment questionnaire (SAQ) via an online survey tool. The SAQ includes the following lines of questioning:

- **LIVESTOCK MANAGEMENT:** How the animals are managed with regard to factors like drinking water, shelter, and time on pasture
- **AGRICULTURAL MANAGEMENT:** The type of crops and feed crops planted; the usage of pesticides and fertilisers
- **SOCIAL ASPECTS:** An assessment of any work done by the farmers' underage children and of the related conditions (e.g. school attendance, working hours, and difficulty of labour); questions about working conditions for farm labour (e.g. working hours, overtime, contracts, and wage payment)



↑
GCS Imagevideo
<https://www.youtube.com/watch?v=UaDjB994xPA>

For a GCS farmer or buying/dehairing station to become certified, the core, major, and basic requirements stipulated in the GCS must be met. Failure to meet a core requirement results in immediate expulsion from the programme. If an entity fails to meet a major requirement, it must prove that it has solved the problem; in the case of a basic requirement, it must prove that it will solve the problem in the foreseeable future. The standard also includes improvement criteria, which promote best practices. These criteria should be met by farmers but are not firm requisites for receiving GCS certification. Knowledge transfers and targeted training to support transformation processes are planned to start in 2021 with the aim of rectifying deviations.

Raising Demand for Certified Cashmere

In 2020, the new standard was published and opened up to trading partners, who pay a partnership and licensing fee that ultimately funds the certifications. At the end of the reporting period, 18 partners



“We love cashmere and are passionately committed to making continual improvements: for the goats, for the farmers, and for our customers. We are very proud to be the first company to be authorised to use the premium label, which denotes cashmere of especially high quality.”

Heike Hillebrecht,
Head of Buying at Peter Hahn



had already signed a contract with AbTF, thereby gaining permission to sell products bearing the GCS label. In 2020, there were around 1.45 million GCS-labelled textiles on the market.

Developed for The Good Cashmere Standard®, the Cashmere Tracking System (CATS) is designed to create the same level of transparency that exists for cotton. The entire supply chain, from the trading partner's order to the processing in the spinning mill, is covered by CATS. The system offers all users the option of examining and analysing their orders and the commodity flows. In an interview on → page 43, Anja Neumann explains the objectives and advantages of CATS in detail.

Building a Strong Brand

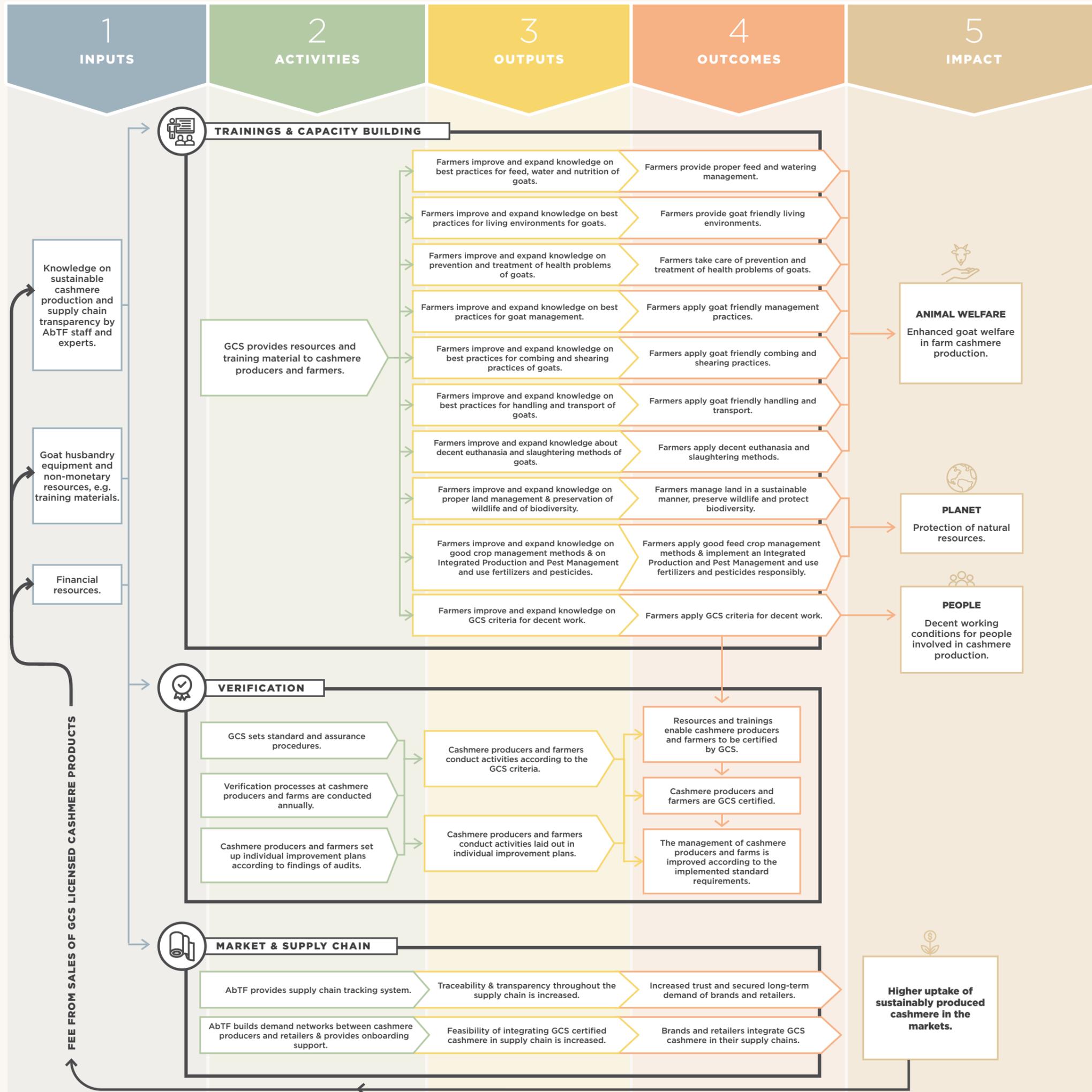
Branding for GCS was developed, and a website in English and Chinese was successfully launched. It offers a good overview of the standard and provides extensive information about its implementation, the partnerships, and the product chain.

The videos and pictures made during the project visits to Inner Mongolia were compiled into an image film that was released in 2020. The film vividly depicts the initiative's work and impact in an exciting full-video format, suiting the needs of followers on social media and other stakeholders like corporate partners. Several partners are already using the film for their external or internal communications, thereby further boosting GCS's profile.

The Next Step: A Premium Label

Cashmere is a natural product. As such, it is subject to significant fluctuations in quality. Cashmere wool of especially high quality is now denoted by GCS's new premium label, which certifies that exclusively cashmere from white goats was used. Measuring no more than 15.5 microns in diameter and having a staple length of between 34 and 36 millimetres, these fine fibres are especially durable and can withstand many wash cycles without unsightly pilling. Naturally, the products must contain only sustainable cashmere wool that meets GCS requirements.

In 2020, Peter Hahn was the first and only partner licensed to use the premium label and the attendant black tag with white lettering.



THEORY OF CHANGE

The Good Cashmere Standard® (GCS) aims to improve the welfare of cashmere goats, protect natural resources, and create good working conditions in the cashmere industry. Reaching these ambitious goals will take many small steps, and the Theory of Change outlines which specific activities GCS pursues and to which medium-term results and long-term effects they are expected to lead.

As a living document, the Theory of Change is regularly re-evaluated and revised on the basis of real-world experiences. After all, it is possible for any given action to have unintended consequences—both positive and negative. GCS will endeavour to account for these side effects by identifying them through regular data collection and incorporating them into a new version of the Theory of Change.

“BLAZING THE TRAIL FOR GCS”

“CREATING A TRANSPARENT SUPPLY CHAIN”



The ERDOS Cashmere Group, based in Inner Mongolia, is one of the largest cashmere producers in the world. It was also a key supporter of The Good Cashmere Standard® (GCS) as well as its first partner. In this interview, ERDOS offers exclusive insights into its business and reflects on the past year.

In the cashmere production sector, animal welfare is taking ever greater priority. Consumers also want transparency and traceability for the raw material in the textile chain. In response, The Good Cashmere Standard® has developed the Cashmere Tracking System (CATS). Anja Neumann explains how it works.

THE GOOD CASHMERE STANDARD®

THE GOOD CASHMERE STANDARD®

How did the first year of partnership with GCS go, from your standpoint?

The ERDOS Group was the first company to support the AbTF team and to invite it to its pastures in Inner Mongolia. Together, ERDOS and GCS employees made multiple visits to the pastures and buying stations. This direct contact with the herders allowed the GCS team to gain an in-depth understanding of the local lifestyle and of the living conditions of the herders and their goats. This made it easier to implement the Standard quickly, successfully, and with the full support of the herders.

As the world's first GCS-certified producer, we introduced The Good Cashmere Standard® at various customer levels and are promoting it to current as well as potential clients. Many of them have already placed GCS orders or are in the process of doing so. This positive response from the market encourages us to work even harder and to further advocate for GCS.

What were your greatest challenges in implementing GCS?

We had to make it easier for herders to meet GCS requirements. The protection of pastures and goats cannot simply be mandated; rather, the herders' customs and habits must be taken into consideration. To support both GCS and the herders, the ERDOS team provided ongoing training to all livestock keepers as well as practical support with meeting animal welfare requirements. In addition, we introduced and explained new practices to the herders. Changing their way of working could not have been easy for them.

How has COVID-19 affected your cashmere business?

The international market contracted due to the coronavirus crisis. Although this had a major impact on the ERDOS Group's export business, it did not dry up completely because our products are highly valued by the market. In particular, the impact on our operations in Europe was not as serious as expected. By contrast, the domestic market was initially severely affected

by the crisis. However, thanks to China's effective response to the pandemic, the market recovered quickly. Since then, the state of our business has significantly improved, and the results are encouraging.

What has been the herders' initial feedback on The Good Cashmere Standard®?

The implementation of GCS is a challenge for the herders. For example, the Standard requires many written records to be kept, but some herders speak only Mongolian. To address the resulting difficulties, we recruited translators to explain GCS to the herders in detail. They also created a Mongolian version of the Standard. This made it easier for the herders to understand the significance of GCS for protecting the grassland and environment and for promoting animal welfare.

What do you expect the future to hold for The Good Cashmere Standard®?

We are convinced that, with the support of the ERDOS Group, The Good Cashmere Standard® will continue to be successful in the future and become even more popular with retailers, brands, and consumers. We are excited to promote GCS's sustainability approach worldwide through our partnership with AbTF.



ALVA CHEUNG
GCS Project Manager,
Erdos Group

Ms Neumann, why was CATS developed?

Consumers are increasingly interested in the origin of the raw material and the resulting products. They want to know how the production process stacks up in terms of animal welfare, working conditions, and environmental sustainability. However, retailers and brands often do not have precise answers to these questions themselves, so the first step needs to be creating a transparent supply chain. We developed CATS to meet this need in the cashmere production sector.

What kind of information does CATS track?

CATS is a tracking system that allows all orders to be traced back from the finished product to the cashmere producer. Only certified cashmere producers and farmers who have successfully completed the audit process are integrated into CATS, where individual balances of GCS-certified cashmere are recorded. Using this asset-balance account, registered spinning mills can source cashmere and fulfil GCS orders. Currently, no other standard in the cashmere industry provides such a comprehensive system.

What are the objectives of CATS?

The tracking system is intended to ensure greater transparency and traceability in the textile supply chain. In addition, CATS provides a precise overview of the cashmere quantities used by each GCS partner. In this way, CATS guarantees that only as much certified cashmere can be sold as is actually available. This prevents fraud and lets our partners be confident that their products contain only GCS-certified cashmere. Another benefit is that CATS does not require the supply chain to undergo significant changes, if any. Our partners simply share their supply chains with us, and we integrate the various stages into the system.

Who can use CATS?

The system is available to all GCS partners throughout the textile supply chain. The GCS team is happy to answer any questions regarding its use.

BENEFITS OF CATS AT A GLANCE

- Simple handling sets a new market standard for the cashmere industry.
- Registered spinning mills are recorded in the system and can receive orders from the partners.
- Complete traceability is ensured throughout the supply chain.
- Retailers/brands receive a detailed overview of the processing workflow in the production chain and of how much certified cashmere is used.
- Up-to-date status reports for the orders are available at any time.
- Dependability is ensured throughout the production chain because only registered companies within the supply chain are involved in production.
- GCS labels can be requested through the system, from the designated label producer Nilorn. To prevent labels from being issued improperly, the number of labels is limited by the orders placed in the system.



ANJA NEUMANN
Junior Project Manager
Business Development
at The Good Cashmere
Standard®

“OUR CUSTOMERS EXPECT US TO DO THE RIGHT THING”



J.Crew Group is the first US partner of The Good Cashmere Standard®. In the following interview, Liz Hershfield, Head of Sustainability, J.Crew Group & SVP Sourcing Madewell, explains how J.Crew benefits from the GCS and what steps are planned next.

THE GOOD CASHMERE STANDARD®

From food to fashion, consumers are showing a heightened interest in the production conditions. How did J.Crew customers take up the issue of sustainability?

Our customers expect J.Crew to do the right thing from choosing responsible fibers to taking care of the workers throughout our supply chain.

Which steps have you taken to fulfil this need?

We have been integrating CSR principles into everything we do for a number of years. This Earth Day we were proud to announce the introduction of 'Re-Imagined by J.Crew', an initiative set forth to achieve ambitious Corporate Social Responsibility (CSR) and sustainability goals via a variety of new processes, policies and programs with focuses ranging from product and planet to partnerships.

Since the Spring 2021 collection, all your cashmere items are being produced used The Good Cashmere Standard® (GCS). When and why did you decide to join the GCS initiative?

Cashmere is an important, iconic fibre for J.Crew. In order to protect the future of the fibre and cashmere industry, J.Crew wanted to be part of the solution and find partners who were addressing the social, environmental and animal welfare impacts of cashmere sourcing. J.Crew is proud to support responsible cashmere production through our partnership with the Aid by Trade Foundation. As the Good Cashmere Standard's first U.S. member, start sharing more information with our customers about how important it is to source this fibre responsibly and sustainably.

What do you hope to achieve with this label?

Now more than ever it is imperative that brands stand behind their product and how it is manufactured. Now more than ever, our customers want to make sure

that J.Crew is being responsible, credible and transparent with any Re-Imagined claims that we are making. We want to ensure that our customers are confident in the ethical sourcing of this iconic and important fiber.

Partnering with the Good Cashmere Standard® helps us tell our customers that they can trust where our cashmere is coming from and track it throughout the supply chain to ultimately label the products with the GCS logo. We're proud to show how we are re-imagining retail for the better through our corporate social responsibility commitments.

What are your next goals?

At J.Crew, we know there are many other issues that are in our power to impact positively. This includes tackling issues in our supply chain and supporting the industry's transition to circularity. By activating our employees, partnering with our stakeholders and listening to our customers. This year and the following year we are excited to share more information on initiatives to address greenhouse gas emissions deeper in our supply chain, our global water impacts, and much more.



LIZ HERSHFIELD
Head of Sustainability,
J.Crew Group & SVP
Sourcing Madewell



THE GOOD CASHMERE STANDARD®





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The Board of Trustees of the Aid by Trade Foundation is staffed with internationally leading personalities from NGOs, the public sector, and trade. Its purpose is to ensure that the foundation's main objectives are implemented and consists of a minimum of six and a maximum of twelve members. As of December 31, 2019, the Board of Trustees included the following people:



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The Advisory Board of Cotton made in Africa is staffed with internationally renowned representatives of various interest groups that bring different perspectives and experience. Their different areas of expertise make the Advisory Board a key discussion partner and advisor to the management. As of December 31, 2020, the Advisory Board included the following people:



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Head Trader Hand Picked Cotton
Paul Reinhart AG



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MAJA-CATRIN RIECHER
Project Manager Sustainable
Agricultural Commodities
WWF Germany

THE GCS ADVISORY BOARD

The Advisory Board of The Good Cashmere Standard® is staffed with internationally renowned representatives of various interest groups and bring different perspectives and experience. Their different areas of expertise make the Advisory Board a key discussion partner and advisor to the management. As of December 31, 2020, the Advisory Board included the following people:



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ALVA CHEUNG
GCS Project Manager
Erdos Group



JENNIE GRANSTROM
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A SELECTION OF GCS CORPORATE PARTNERS 2020



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AID BY TRADE FOUNDATION

The Aid by Trade Foundation (AbTF) was founded in 2005 by Prof. Dr. Michael Otto, an entrepreneur from Hamburg, Germany. The aim of the foundation, which operates independently of the Otto Group, is to help people to help themselves through trade, thereby preserving vital natural resources and securing the livelihoods of future generations.

Cotton made in Africa is an internationally recognised standard for sustainably produced cotton from Africa, connecting African small-scale farmers with trading companies and fashion brands throughout the global textile value chain. The initiative's objective is to employ trade rather than donations to offer help for self-help in order to improve the living conditions of around one million cotton farmers and their families in Sub-Saharan Africa while protecting the environment. The small-scale farmers benefit from training and better working conditions, and additional social projects enable their children to attend school. Female small-scale farmers are supported in pursuing professional and social independence.

The Good Cashmere Standard® by AbTF is an independent standard for sustainably produced cashmere wool. Developed in 2019 in close collaboration with animal-welfare specialists and independent cashmere-production experts, its goal is to improve the wellbeing of the cashmere goats and the working conditions of the farmers as well as the environment in which they live. The standard will begin by focusing on the framework conditions for cashmere production in Inner Mongolia.

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