



ORGANIC COTTON ACCELERATOR

ANNUAL REPORT 2018



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FOREWORD

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The year 2018 was a significant one for the Organic Cotton Accelerator (OCA). Not only did the foundation become a stand-alone organisation with the appointment of a new Executive Director and a growing Secretariat, but OCA's Programmes also experienced significant growth.

The new season of 2018-19 of our sourcing pilots saw more brands commit to farm projects, enabling us to reach even more farmers (over 11,000!). The FED programme successfully proved a business case for farmers and delivered an impressive 11% higher net income for organic cotton farmers in comparison with their conventional peers, whilst managing integrity. Taking steps to futureproof the programme, OCA also adopted a new way of reporting FED project data and invested in the development of a new central database and reporting platform; the Farm Intelligence and Impact System (FIIS).

Our Seed, Integrity and Community Investment (SICI) Programme saw notable growth in the size and number of projects it manages. We secured more support for Seeding the Green Future, enabling the project to scale and secured investment for a further four years of work. Two exciting new projects started under the SICI this year: the development of ISO protocol for GMO-screening in cotton and textiles, and the Organic Cotton Traceability Pilot. Both projects demonstrate OCA's commitment to helping the sector create clarity with regard to integrity and traceability in cotton and textiles.

We further established our position as a global platform for organic cotton, welcoming Patagonia, Carrefour, Superdry and Carrefour Foundation into our community. Their arrival also aligned with the new fit-for-purpose governance approach which has been spearheaded by the Senior Board. The development and design of OCA's new governance framework and policy started in mid 2018 and was delivered in 2019.

Crispin Argento was appointed as Executive Director of Foundation OCA in February 2018 by the Senior Board which triggered the official move of the NewForesight consultancy out of the role of acting Secretariat. A new Secretariat team of five was in place by the end of the year, with a Programme Director, South Asia Director and two Programme Officers joining the Executive Director.

Against this backdrop, OCA is committed to further developing its programme approach in the coming years to ensure it effectively and efficiently improves the business reality of organic cotton from farm to final user and leads to measurable positive impact on the livelihoods of farmers and the environment. We want to show our gratitude for the continuous belief of our partners. They have shown their commitment to change the sector by enabling change in their own supply chains.

OUR STRATEGY

OUR STRATEGY

The Organic Cotton Accelerator (OCA) is a multi-stakeholder initiative founded on 30 August 2016 by a group of sustainability leaders from the global apparel, footwear and textile industry and philanthropic and civil society organisations with the intent of pursuing the vision, mission and objectives outlined below.

VISION

The vision of OCA is to create a prosperous organic cotton sector that benefits everyone - from farmer to consumer.

MISSION

Our mission is for our investments to tackle the challenges in the sector and realise the benefits that organic cotton can bring for people, planet and long-term prosperity.



OUR STRATEGY

OCA'S ULTIMATE OBJECTIVES ARE:

1. To establish the global organic cotton platform that benefits all sector stakeholders from the producer to the consumer, including farmers, value chain actors (suppliers), brands, retailers, philanthropy, civil society, academia and government around a common vision, mission and agenda;
2. To accelerate, through sector-wide collaboration and commitment, organic cotton's viability and growth, presently and in the future, by addressing integrity, supply, and measurable positive impact on people and planet.
3. To become an independent, dynamic and durable multi-stakeholder organisation that can serve the long-term interests of the organic cotton sector and improve and extend its objectives to perform all that is connected thereto in the broadest sense of the word.

THE APPROACH THROUGH WHICH OCA SEEKS TO ACHIEVE ITS OBJECTIVES INCLUDE:

- Creating and developing the global organic cotton platform through its multi-stakeholder governance framework;
- Developing programmes and interventions to establish the business case for and between organic cotton farmers, suppliers, and brands and retailers;
- Addressing key issues in the production of organic cotton to improve integrity, quality, supply and measurable impact of the production of organic cotton;
- Globally promoting and communicating the benefits of OCA and the long-term value of organic cotton as a preferred material to advance sustainable cotton and sector resilience.

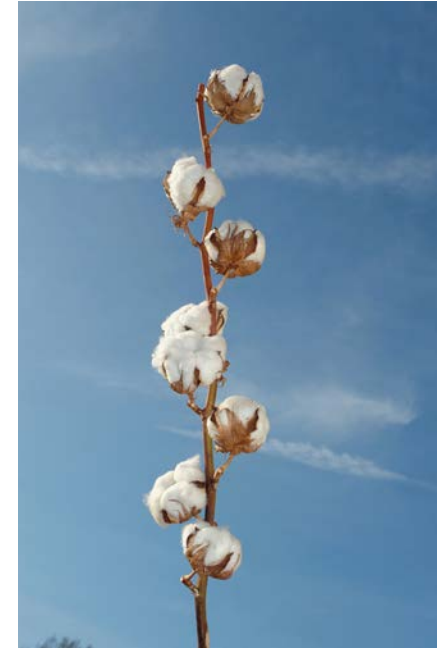
ACHIEVEMENTS

ACHIEVEMENTS

This year OCA received encouraging results from its first season of sourcing pilots and the seeds projects initiated in 2017. Building off the success of the pilot projects, the decision was made to structure the projects into three main programme pillars in support of OCA's mission.

FROM 2018 ONWARD, OCA'S THREE PROGRAMMES WILL INCLUDE:

1. Farmer Engagement and Development (FED) programme: The FED programme is OCA's sourcing and capacity building programme aimed at delivering integrity, quality and prosperity at the farmer level. The programme is the evolution of OCA's sourcing pilots.
2. Seed, Integrity and Community Investment (SICI) programme: The SICI programme encompasses our investments in non-competitive solutions that benefit the entire organic cotton sector, such as OCA's support for the breeding programme Seeding the Green Future and our work on integrity and traceability.
3. Organic Cotton Fund (OCF): The OCF, once established, will provide access to finance for the organic cotton sector to scale and innovate. The design and development of the OCF will commence in 2019.



ACHIEVEMENTS

During the Indian cotton season of 2017/18, a total of four OCA Contributor brands participated in the sourcing pilots with the aim of improving the business case for smallholder farmers and improving the management of the integrity of organic cotton at the start of the supply chain. The four pilot projects from these different brands engaged a total of 1,797 farmers and 2,217 hectares of organic cotton land across four Indian states.

Third-party validated results from the first season showed very positive outcomes in light of the pilot aims. The sourcing pilots succeeded in improving the farmer business case with on average 11% higher net income from organic cotton for the participating farmers when compared to conventional farmers in the same area. The premium prices paid by the brands and farm group operators to the organic farmers proved to be a crucial instrument for establishing a more attractive business case. OCA's uniform monitoring guidelines also allowed projects to assess and improve ongoing efforts to minimise the presence of genetically modified (GM) cotton.

Detailed results and lessons learned from the 2017-18 sourcing project were shared with OCA's broader Contributor base in the report 'The First Harvest' to inform them of the further development of our Farmer Engagement and Development Programme.

Encouraged by the positive results from the first year, six Contributor brands decided to partake in the sourcing pilots for the 2018-19 Indian cotton season, renamed the FED programme. This resulted in incredible growth for the FED programme which now includes a total of 11,639 organic farmers; a more than six-fold increase compared to the previous year.



ACHIEVEMENTS

The role of the OCA Secretariat in the FED programme remained unchanged as it focused on the coordination of the joint efforts of all partners involved and managed the central monitoring and evaluation (M&E) system and third-party validation of all impact data. To allow for easier data management and reporting for the growing FED Programme, OCA invested in the development of a central database and reporting platform; the Farm Intelligence and Impact System (FIIS). The development of the FIIS started at the end of 2018 and operates using SupplyShift software.

The Seed, Integrity and Community Investment (SICI) programme also saw significant growth in the size and number of its projects. OCA's support as a multi-stakeholder initiative to the breeding programme, Seeding the Green Future (SGF) successfully leveraged an additional investment of over 800,000 Euro from the Mercator Foundation into the programme for another four years of work. Combined with the continued commitment of OCA, the SGF programme will receive nearly 1,8 million Euro for the Indian cotton seasons of 2017-18 up to 2021-22 to further grow and scale the identification and development of non-GMO cotton cultivars that are well-suited for organic farming and that perform in line with industry requirements and the agro-ecological conditions of different cotton-growing regions in India.

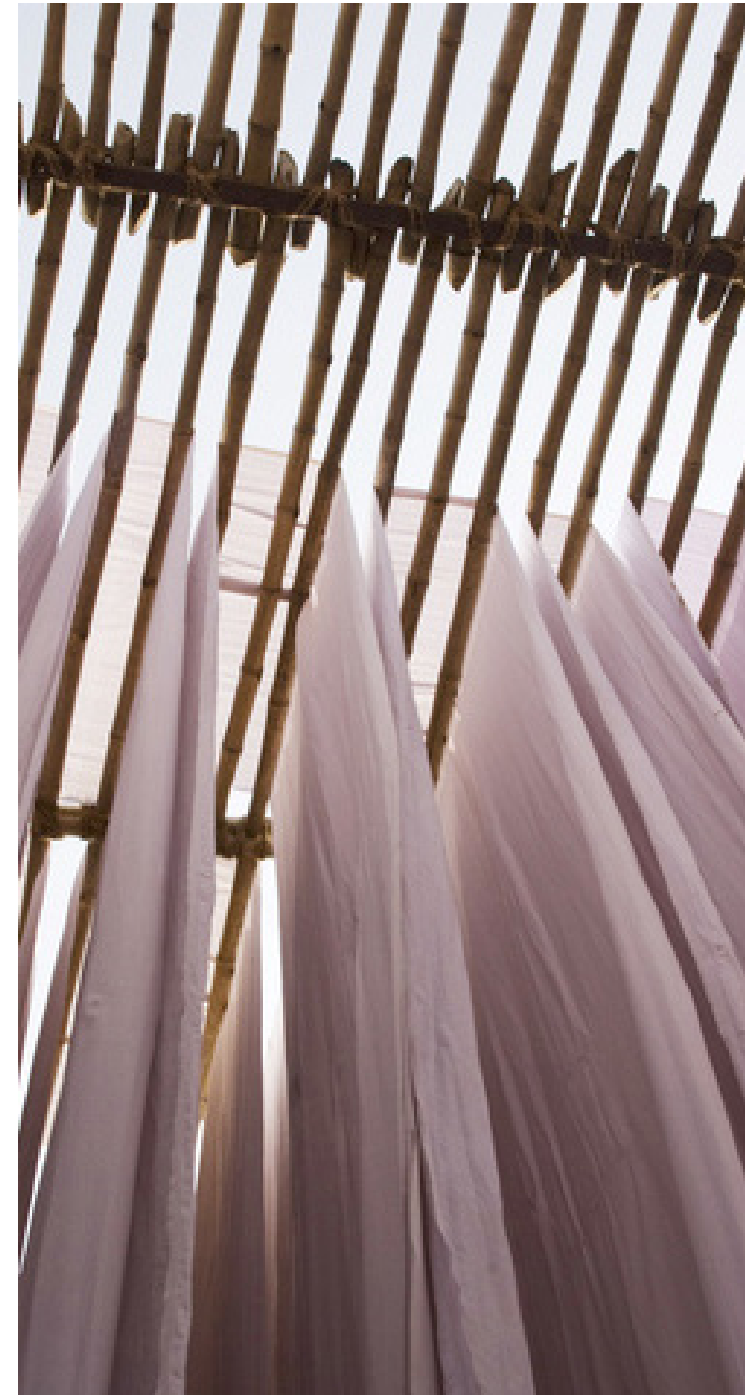
This strong long-term support for SGF allowed the programme to grow the network of local partners to include two State Agricultural Universities (Gwalior and Akola), and implement 5 on-station research trials and 150 on-farm trials while training a growing number of farmers and trainers in the 2018-19 season.



ACHIEVEMENTS

Another exciting project from the SICI programme was the development of an ISO reference protocol for GMO testing in cotton and textiles. The ability to make credible claims about the presence of genetically modified cotton in (organically certified) textiles and garments has long been an issue of contention. Acknowledging the need for clarity, the International Organisation for Standardisation (ISO) approved OCA's proposal for an International Workshop Agreement (IWA) on a protocol for GMO screening in cotton and textiles. The protocol, once developed, will provide precise guidelines to laboratories on how to test for GMO presence in cotton and processed cotton fibre in a reliable and replicable way and will provide clarity in the sector as to what can and cannot be tested for GMO presence in cotton and textiles.

OCA approached the Dutch standardisation institute (NEN) who facilitated the development process of this International Workshop Agreement (IWA), ensuring that the IWA included equal perspectives from all parties concerned and was based on a general, non-bias consensus. The technical project lead was EU Reference Laboratory, RIKILT. The publication of the final IWA protocol is expected in the spring of 2019.



ACHIEVEMENTS

The final 2018 project from the SICl programme was the Organic Cotton Traceability Pilot. This innovative traceability pilot aimed to test the robustness of various verification technologies and the operational and technical limitations of a farmer-to-consumer traceability system for cotton. The pilot was created through a partnership between OCA, C&A Foundation and Fashion for Good, and lead technical partner, Bext360. Supporting partners included Kering, Zalando, PVH, C&A and Pratibha Syntex. Results from this pilot project are expected at the end of 2019 and will inform OCA's future traceability strategy for the organic cotton sector.

OCA also expanded its global platform this year by proudly welcoming three new brands and retailers and one foundation as Contributors: Patagonia, Carrefour, Superdry and Carrefour Foundation. We are delighted to have these four organisations in our community, all committed to building a healthy and prosperous organic cotton sector.



GOVERNANCE & ORGANISATION

GOVERNANCE AND ORGANISATION

OCA is a foundation under Dutch law and does not aim to make any profit.

Since its founding in 2016, Foundation OCA has been led by two primary governance bodies; the Senior Board and the Investment Committee. The Secretariat is the executive arm of the organisation.

At the start of 2018, the Senior Board envisioned a new fit-for-purpose governance to serve OCA's mission as a growing and maturing organisation. A third-party consultancy was hired to support the development of OCA's new governance design, legal framework and Policy Manual through broader stakeholder engagement. The Senior Board has voted on the approval of some elements of the new governance structure in early 2019.



GOVERNANCE AND ORGANISATION

SENIOR BOARD

The Senior Board is a five-member body entrusted with the overall management of the Foundation and provides guidance to the other bodies, including the Secretariat. In carrying out its task the Senior Board takes into account recommendations of the Investment Committee and the Secretariat.

All Senior Board members work on a voluntary basis. Each member represents a specific stakeholder group within the organic cotton sector and brings in specific experience and expertise to contribute to the Organic Cotton Accelerator.

OCA'S SENIOR BOARD MEMBERS IN 2018 INCLUDED:

- Leslie Johnston - Executive Director of C&A Foundation (Philanthropy)
- Pascal Brun - Head of Sustainability and Production at H&M (Brand & Retail)
- Kate Heiny - Head of Global Sustainability at C&A (Brand & Retail), succeeded by Jeffrey Hogue – Chief Sustainability Officer at C&A in mid-2018
- Keith Tyrell - Director of Pesticide Action Network UK (Civil Society)
- Shreyaskar Chaudhary - Managing Director of Pratibha Syntex (Supply Chain)



GOVERNANCE AND ORGANISATION

The Senior Board held three meetings in 2018. Key decisions taken during the Board meetings included:

- Approval of the budget plan for 2018.
- Appointment of Crispin Argento as the new Executive Director of Foundation OCA as per February 15, 2018.
- Approval and adoption of OCA 2.0 as OCA's new strategy framework, including:
 - The restructure of OCA programme work into three pillars: the Farmer Engagement & Development (FED) Programme; Seed, Integrity and Community Investments (SICI); and the Organic Cotton Fund (OCF)
 - Brands and retailers to pay separate size-based fees for the sourcing projects, a.k.a. FED projects, to fund the FED programme as per the season of 2019-20. These Farm Commitment Fees will be charged separately from the annual Contributor fees.

The Senior Board is advised in its decision-making by the Investment Committee. The Investment Committee consists of representatives from the following organisations: Eileen Fisher, Inditex, Tchibo, Textile Exchange, C&A, H&M, and C&A Foundation.



GOVERNANCE AND ORGANISATION

THE SECRETARIAT

The Secretariat is the executive arm of OCA and responsible for implementing the strategic plan and making day-to-day decisions to effectively operate and achieve strategic objectives set by the Senior Board. Up until the start of 2018, NewForesight Consultancy ran the interim-Secretariat while a permanent Secretariat staff was recruited.

In February, the Senior Board appointed Crispin Argento as OCA's new Executive Director. Later in the year, a permanent Programme Director was hired and soon joined by two Programme Officers, one in the Netherlands and one in India. NewForesight's tenure as the interim Secretariat officially ended in March 2018.



COMMUNICATION WITH STAKEHOLDERS

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OCA is committed to growing a prosperous organic cotton sector and we feel this can only be obtained by sector-wide collaboration and knowledge sharing.

In May 2018 OCA organised its first Organic Cotton Summit in Bhopal, India. During this full-day event open to all interested stakeholders, OCA and its affiliates and partners shared the results and key learnings from 2017 and presented our vision for the future of organic cotton. Through a series of presentations and panel discussions, participants addressed the key challenges and opportunities that exist throughout the sector, learned about innovative ideas for scaling impact and heard from key stakeholders who are committed to and already uncovering the solutions to create a prosperous organic cotton sector that benefits everyone—from farmer to consumer. Participation at the Organic Cotton Summit was free of charge and open to OCA Contributors as well as non-Contributors.

In October, the Secretariat hosted an in-person meeting for all of OCA's Contributors to discuss the ongoing work, harvest input and share feedback on the design of OCA's new governance framework.



OUTLOOK 2019

OUTLOOK 2019

With the exponential growth of OCA's programmes in the 2018-19 Indian cotton season, we are eagerly awaiting the results of the second season of programme implementation in 2019. With over 11,000 organic cotton farmers engaged in our Farmer Engagement and Development programme, we set out to make a positive impact on the business reality of organic cotton farming for a growing group of Indian smallholder farmers and industry players alike. With the expected delivery of an ISO reference protocol for GMO screening in cotton and textiles as well as the results from our innovative Organic Cotton Traceability Pilot, Foundation OCA will continue to deliver tangible benefits to the organic sector in its entirety.

With regards our governance and organisation, OCA's newly developed governance framework will be rolled out in 2019. The OCA Secretariat will continue to grow in number of staff during the coming years to ensure the delivery on our mission with a growing Contributor base and larger programmes. Some of the key hires in 2019 will include a Brand and Communications Director, a Supply Chain Manager, and an Office Manager.

Next year, OCA will introduce the Farm Commitment Fees as a separate revenue stream to fund the growing number of projects and farmers engaged in the FED Programme to allow for future scaling. While OCA's main interventions will continue to focus on India in the next years, a global strategy plan for the organisation is planned for development in 2020.



