OCA ANNUAL REPORT 2019
UNITING THE ORGANIC COTTON SECTOR - PUTTING FARMERS FIRST
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- Farmer Uttam, Madhya Pradesh, India
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OCA was established to identify and tackle the systemic problems that were hindering the organic cotton sector, by prioritising farmers – the bedrock of the sector – and ensuring that they have a long-term, sustainable future.

2019 was the year when we moved decisively from diagnosing to dealing with problems. Our field level programmes in India reached over 11,000 farmers – linking them with secure supply chains and providing them with training and technical support. This is a six-fold increase in the two years since our programmes started. Thanks to OCA’s work, farmers in our programmes now make more money than their conventional neighbours without risking their, or their families’, health from the use of hazardous pesticides. OCA’s careful and forensic collection of data means we now have strong evidence to show policymakers that organic cotton is an economically viable route out of poverty for smallholder farmers.

Access to high quality organic cotton seed has been a major headache for farmers, and our Seed Impact and Community Investment programme has trained 1,000 farmers in cultivar evaluation and seed multiplication. Through our collaboration with FiBL and the Seeding the Green Future initiative we are helping to develop the next generation of new cotton cultivars that are suited to the needs of organic cotton farmers and their local environmental conditions.

Thanks to these – and many other advances that you can read about in the following report – OCA is helping to transform the organic cotton sector, making it more resilient and ensuring that it delivers for all of the players in the supply chain. I strongly believe that this work will help the sector to weather the global uncertainties ahead from COVID-19 and from climate change. The year’s achievements came as a result of close collaboration and partnerships and one of OCA’s greatest strengths has been in uniting diverse stakeholders behind our vision for the sector. The Organic Cotton Summit in December was a physical expression of this and for a few days in Nagpur, we saw the entire organic cotton supply chain come together to discuss the future of the sector.

Finally, I would like to take this opportunity to thank members of the OCA team for their commitment and contribution in 2019: my fellow Trustees - and in particular, our outgoing Chair Leslie Johnston, who was the driving force behind OCA – for their wisdom and guidance; but especially the staff of the OCA Secretariat who put in the long hours and hard work required to enable this sector transformation to take place.

Keith Tyrell, Chair, OCA Board of Trustees
Greetings from OCA,

I am delighted to present our 2019 Annual Report, which details OCA's progress over the past 12 months. This was truly a year of acceleration: we saw a sixfold increase in the number of farmers participating in our Farm Programme; grew our OCA Platform to welcome a total of 28 organisations and took several strides forward in key areas such as seeds, traceability and GMO testing. All these achievements demonstrate our commitment to our mission to strengthen the whole value chain from farm to fashion. You will read all about it in the different sections in this report.

One thing you will notice when going through the report is how OCA’s programmatic interventions are all focused on creating the conditions for organic cotton to thrive – by putting farmers first. Only by investing in the production base, we can secure the growth and integrity of the sector. That is why our flagship programme—the Farmer Engagement and Development (FED) Programme—focuses on creating a secure market for farmers, advocating for better prices for organic cotton and ensuring access to seeds and training. We create visibility all the way down to the farmer for the brands and retailers participating in the programme. And we want to provide that visibility in this annual report as well. Not only by showing you the positive results of the second year of our programme’s implementation, but also by featuring the farmers’ voices throughout this publication.

In order to create a healthy and enduring sector we have also been investing in seed, research, industry standards and traceability innovations. One major milestone in this work is the delivery of the ISO International Workshop Agreement on the screening of genetically modified organisms (GMOs) in cotton and textiles. More than 80 experts from 23 countries contributed to the development of this protocol, which was published in April 2019. The reference protocol provides clarity in the sector as to how to test for GMO presence in cotton and processed cotton fibre in a reliable and replicable way, and the inclusion of the protocol in the organic chain of custody standards of Textile Exchange and GOTS will ensure adoption throughout the sector.

None of this would have been possible without the continuous support of our Contributors who champion us in our mission. The number of organisations that has joined us this year has further strengthened our position as an inclusive global platform that strives to represent the whole value chain. We are delighted to welcome new Contributors from civil society organisations, brands and retailers, to manufacturers and farm groups. It is through uniting this growing group of leading organisations that we are making real progress in unleashing organic cotton’s powerful and positive impact on people, planet and prosperity. On to another year!

Bart Vollaard, Executive Director, OCA
HOW WE WORK
The Organic Cotton Accelerator

OCA is the only multi-stakeholder organisation fully dedicated to organic cotton, uniting the sector to unleash the potential of organic cotton – from field to fashion.
THE ORGANIC COTTON EFFECT

At OCA, we envision a future where, every time a farmer switches to organic cotton, there is a ripple effect of positivity; farmers earn more, their families and communities flourish, and their land and soils are fertile for future generations, protecting our planet.

We call this the Organic Cotton Effect. But we’re not there yet.

*It’s our mission to change that.*

We are committed to galvanising the collaborative effort required to realise this vision. We believe that by working together we can create the conditions for organic cotton to thrive, delivering positive change for people and the planet.
HOW OCA ACTS AS A CATALYST FOR CHANGE

Our programmatic interventions are all focused on a holistic approach to creating the conditions for organic cotton to thrive. As a platform, we invest in solutions that nurture and develop a healthy organic cotton sector.

**OCA PLATFORM**

**01 Convene the sector around a common agenda**
Our global organic cotton platform unites all stakeholders in a common vision, mission and agenda, driving real behaviour change across the sector.

**OCA PROGRAMMES**

**02 Improve farmer profitability and prosperity**
Our farm-level interventions create a secure market for farmers and deliver transparency at the start of the supply chain.

**03 Bolster the integrity of the organic cotton sector**
Our investments in seed, research, industry standards and traceability innovations create the conditions for a healthy and enduring sector.
The OCA Platform brings together those who grow, supply and buy organic cotton and together, we create the conditions for this fibre to thrive.

Our global collective of brands, retailers, supply chain partners, farm groups, civil society organisations, philanthropic foundations and academics is united in their efforts to safeguard the future of organic cotton.

OCA Contributors share our belief in the Organic Cotton Effect, and they know that for organic cotton to deliver positive impact at scale, we need to shift from competitive advantage to a common agenda, from individual action to collective investment.
OCA PROGRAMMES

Our three programme pillars deliver the key solutions required for the sector to flourish

01 Farmer Engagement and Development (FED)

The FED Programme is a sourcing and capacity building intervention aimed at delivering prosperity, integrity and best practices at farm-level.

02 Seed, Integrity and Community Investment (SICI)

The SICI Programme encompasses collective investments in key innovations to enable a healthy and futureproof organic cotton sector, i.e. seed, research, industry standards, and traceability solutions.

03 Organic Cotton Fund (OCF)

The OCF once established, will fund quality organic cotton farmer trainings at scale and enable increased conversion of conventional farm-land to organic to accelerate sector growth.
OUR ACHIEVEMENTS
2019 was a year of milestones, opportunities and successes. Here are just a few of our highlights from the year.

**11,639**
Farmers reached through the Farmer Engagement and Development (FED) Programme in the 2018/2019 season.

**1,000**
Farmers trained in cultivar evaluation and seed multiplication through OCA’s investment in India’s leading organic cotton breeding programme, ‘Seeding the Green Future’.

**28**
Contributor organisations in the OCA Platform, including brands, retailers, suppliers, NGOs, civil society organisations, and philanthropic foundations.

**4%**
Farmers in the FED Programme earned on average 4% higher net income from their cotton than conventional farmers (control group).

**5+**
Different technologies featured in the Organic Cotton Traceability Pilot, which aimed to test a farmer-to-consumer traceability system for organic cotton.

**1**
FROM FIELD TO FIBRE: MEET THE FARMERS

Name: Uttam

State: Madhya Pradesh

Uttam owns 2.5 acres of land where he has been cultivating cotton using conventional methods for the past 30 years. He was dependent on the local seed supplier for seed, inputs and financial requirements; this support was provided on credit which was collected with an interest rate of 24% (Rs.2 per hundred). Due to this cycle of credit every season, Uttam was left with little income which was insufficient for him to adequately provide for his family of two children.

When the Implementing Partner approached his village eight years ago, he initially did not trust them so would only commit to growing organic cotton in 0.5 acres. But he slowly extended his area and converted his entire 2.5 acres to organic. As the Implementing Partner maintained its farmer support over a sustained period of time, Uttam was able to achieve financial solvency and reduce his dependency on the open market.

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The primary objective of the FED Programme is to improve the business case of organic cotton farming, which means ensuring a similar or higher net annual income from organic cotton when compared to conventional cotton farming under similar conditions.

OCA is proud to state that, as in the previous year, our collective efforts have resulted in organic programme farmers receiving a higher net income per hectare of cotton than their conventional peers.

A combination of farmer premiums and lower production costs compensated for the lower yields of organic farmers, resulting in a better business case for programme farmers when compared to conventional farmers.

The average cost of production incurred by the organic cotton farmers was 17% lower than that of conventional farmers. The premium payment of on average 5% on top of market price for organic farmers is the other crucial factor in establishing the more attractive business case for organic: without these premiums, the net income for the organic farmers would have been lower than the net income of conventional farmers.

With an average net income from organic cotton of €613 per hectare, the farmers engaged in the OCA FED Programme earned on average 4% more than their local non-organic peers.
2019 was our most impactful year to date, with the FED Programme scaling up to deliver significant increases in farmers reached, hectares of cotton produced and average net income increases paid to farmers in our projects.

A total of six OCA brands and retailers participated in the FED Programme during the 2018/2019 season, working with a total of 11,639 farmers in four different states of India: Gujarat, Madhya Pradesh, Maharashtra and Odisha.

Based on the number of farmers, the FED Programme grew by more than six-fold when compared to the first year of implementation in the 2017/2018 season.
Brands and their Implementing Partners paid a premium or differential price to farmers in support of the farmer business case for organic. The premium is defined as the difference between the average market price for seed cotton at the moment of sale, and the actual price paid to FED Programme farmers for their organic cotton.

During the 2018/2019 season, the average premium amount paid to organic programme farmers was 5% higher than the average open market price, and 11% higher than the Minimum Support Price (MSP) set by the Government of India.*

Payments for organic seed cotton and premiums to FED Programme farmers are made through both cheque and cash transactions. OCA set the ambition to pay out as many farmers as possible via bank accounts, as it allows for easy verification of farmer payments while supporting the inclusion of farmers into the more secure digital economy.

Whilst cash payments do remain the dominant transaction mode between IP and farmer, more emphasis will be placed on moving to bank payments in the FED programme during forthcoming seasons.

*Based on average of 8 out of 11 OCA FED projects in 2018/2019. Three projects were excluded from the analysis as the validated sample sizes were not large enough.
Organic cotton farmers are the foundation of the OCA FED Programme; through them, we can see the impact the FED Programme makes to their lives and how this could be further improved. When questioned on the support required to continue growing organic cotton in the seasons to come; almost two-thirds of all farmers cited the need for the supply of organic inputs such as manure and organic fertiliser and crop protection. Clarity on guaranteed purchase and premium payment was cited as another important factor, as is—to a lesser extent—the need for more training.

Nearly one third of all FED farmers indicated they felt their overall economic situation had improved when compared to last year. Two out of three farmers stated that they felt they were in a similar economic situation. Only a small fraction, 3% of farmers indicated experiencing a worsened economic situation, which correlates with them also indicating not wanting to continue to grow organic cotton in the coming years. Nevertheless, an overwhelming 96% of organic farmers participating in the FED Programme, reported wanting to continue growing organic cotton in the years to come.
This second year of implementation of the FED Programme has demonstrated the continued strengthening of this harmonised industry approach for tracking, optimising and investing in organic cotton farm outcomes.

A full report of results and recommendations from the 2018/2019 season were shared with the OCA Contributors to inform them of the development of our flagship FED Programme and the work that remains to be done to boost the integrity, supply and prosperity of organic cotton at farm-level.

OCA is proud that we are convening the sector behind this collaborative approach uniting brands, retailers, supply chain partners and farmers. It is also key that we engage our different stakeholder groups when defining the future FED Programme goals in line with sector targets, including geographic expansion, in-transition and finance schemes.

To meet this need, we established the FED Task Force in the summer of 2019 to review the current FED approach and outcomes, and suggest future revisions and strategy, with recommendations to be shared with the OCA Board of Trustees in July 2020.
Name: Maroti

State: Maharashtra

Maroti has been cultivating cotton for the past 15 years in his three acres of land. He started using the organic method 11 years ago following a visit from the Implementing Partner which made him realise that he was spending more on chemical fertilisers and pesticides by following the conventional method.

According to him, the issue with organic cotton cultivation is controlling the sucking pest as one needs to prepare the bio products before sowing so that it can be used when the sucking pest strikes.

He has four cattle and five acres of land so has not experienced any challenges with sourcing the raw products required to prepare bio products. He also added that he is able to earn and save an equal amount of money by producing organic cotton when compared to conventional farmers.

The help provided by the Implementing Partner has been very motivating as they provided seed which is very difficult to get in the open market. In addition, they provide training related to preparation of bio products. They also purchase the cotton direct from my home with an additional price which helps us to save up to Rs. 5000 (€64.10) per acre.
As seed forms the starting point of agricultural value chains, the growth of the organic cotton sector depends on the availability of quality organic cottonseed.

In India, OCA’s SICI Programme continued its commitment to boosting organic cottonseed systems by investing in Seeding the Green Future: the country’s leading organic cotton breeding programme, led by FiBL in close partnership with farm groups and State Universities. The Programme is developing a new portfolio of improved cotton cultivars well-suited for organic farming conditions, while scaling up cultivar testing and seed multiplication across different Indian states.

OCA also facilitated the development of guidelines for non-GM cottonseed production to help seed producers prevent GMO presence at the very start of the organic cotton supply chain - the production of seeds marketed to organic cotton farm groups.

The limited availability of organic cottonseed is not an issue unique to India alone, hence the establishment of the Global Seed Task Force in December 2019 to begin planning the expansion of our SICI Programme in other key producing countries. Recommendations from this Task Force will be shared with the Board of Trustees in 2020 and will go some way to planting the seeds for meaningful change across the globe.
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.

The ISO reference protocol for GMO testing in cotton and textiles (IWA 32:2019) delivered by OCA, with the financial support of Laudes Foundation, was published in April 2019, giving precise guidelines to laboratories on how to test for GMO presence in cotton and processed cotton fibre in a reliable and replicable way.

The published protocol finally provided clarity in the sector as to what can and cannot be tested for GMO presence in cotton and textiles. OCA Contributors were briefed on the contents of the protocol via a webinar with a lengthy Q&A session to facilitate discussion around the application of the guidelines. Since publication, the protocol has featured in the processes and ways of working of OCA’s Programmes.

The leading Chain of Custody standards in organic textiles from GOTS and Textile Exchange are planning to include the protocol in their next standard revision rounds which will ensure adoption throughout the sector. We look forward to sharing further updates on this project in our 2020 Annual Report.
2019 saw OCA continue to invest in improving integrity and transparency in organic cotton production through the piloting of innovative tools and technology.

OCA was a proud partner in the *Organic Cotton Traceability Pilot*, together with Laudes Foundation and Fashion for Good. The pilot tested the use of a unique combination of technologies including blockchain, machine vision, AI, micro-biome sequencing and on-product markers on organic cotton to trace and identify the origin, purity and distribution of organic cotton.

The findings from the report confirmed the viability of the technology and will be used to inform OCA’s future work on traceability systems.

The launch of the Traceability Task Force established in September 2019 saw OCA begin the development of a comprehensive and harmonised traceability vision and roadmap for the organic cotton sector. Recommendations from this group will follow in July 2020.
OUR CONTRIBUTORS

We are constantly inspired by our community of Contributors. They provide so much more than just investment support – they are our most passionate supporters, visionary partners and outspoken champions. They are the reason why we believe together, we can truly unleash the potential of organic cotton - from field to fashion.

This year, we warmly welcomed the following new Contributors: Action for Social Advancement (ASA), Reset, Coyuchi, Solidaridad Asia, Spectrum International, Fashion for Good and the International Institute for Sustainable Development (IISD).

We are delighted to have these organisations join our community, and our movement to build a healthy and prosperous organic cotton sector.
We know real change happens when people talk which is why events are such a key part of our Contributor engagement and Platform experience.

We attend, host and present at events throughout the year and across the globe. We are proud to bring people together because we know that when people get together; that’s when the real change happens.

In 2019, we hosted seven Advisory Council Meetings, each one giving us the opportunity to enable sector-wide collaboration and knowledge sharing, covering topics ranging from deep-dives into our different Programmes to updates on our governance.
In December we also hosted our second annual Organic Cotton Summit in Nagpur with Laudes Foundation and Solidaridad Asia. The OCA event was a day long event, themed – *Mapping the journey to next gen organic cotton*.

Through a series of lively panel discussions, participants addressed the key challenges and opportunities that exist throughout the sector, and heard from key stakeholders who are already uncovering the solutions to help us grow the prosperous future of organic cotton together.

Participants were also able to attend a field visit to one of the FED projects where they could meet and interact with farmers involved in the FED Programme.
OCS: CONFERENCE

Photos from the Organic Cotton Summit 2019 hosted by OCA in Nagpur, India.
OCS: FIELD VISIT

Photos from the Organic Cotton Summit 2019 hosted by OCA in Nagpur, India.
GOVERNANCE AND ORGANISATION
OCA is a foundation under Dutch law and does not aim to make any profit.

In 2019, the OCA Senior Board voted on the approval of a new governance structure and Policy Manual, both of which had been developed through broader stakeholder engagement to ensure a new fit-for-purpose and inclusive governance to serve OCA’s mission as a growing and maturing multi-stakeholder initiative.

The main changes consisted of the five-member Senior Board transitioning into a ten-member Board of Trustees with seats specifically designated to the different stakeholder groups within the organic cotton sector. The main role and responsibility of the Board of Trustees remains to set and steward the long-term strategic vision and direction, priorities and policies of OCA and provides ultimate financial oversight.

OCA also relies on input, directional guidance, and tactical execution support from the broader community of Contributor stakeholders (brands, retailers, suppliers, farmers, philanthropy and civil society, etc.) through its Advisory Council and ad hoc Task Forces, which are created as relevant to achieve specific objectives to further OCA’s mission.

OCA activities are facilitated and executed by the Secretariat.
The Board of Trustees is responsible for the high-level strategic decision-making of the organisation and overall supervision of OCA’s policies and the general running of the Foundation, such as approving changes to OCA’s mission, developing and ratifying the strategic plan, ensuring the organisation’s financial integrity and effective resource management, hiring and managing the Executive Director, and approving the annual plans and budgets.

In 2019, the Board decided to expand the number of seats from its current five members to a total of ten members, with designated seats for representatives from brands and retailers (3), philanthropic partners (2), civil society organisations (2), organic cotton farmer groups and supply chain actors (3). This decision was made to ensure representation from OCA’s broad, diverse community of stakeholders is reflected in the Board composition, emphasising the importance of delivering value for all parties invested in OCA’s mission.

All Board members work on a voluntary basis. The five newly created vacant Board seats are expected to be filled during 2020 and 2021.

OCA’S BOARD OF TRUSTEES MEMBERS IN 2019 INCLUDED:

- Leslie Johnston – Executive Director of Laudes Foundation (formerly C&A Foundation) (Philanthropy)
- Pascal Brun – Head of Sustainability and Production at H&M (Brand & Retail), succeeded by Harsha Vardhan – Global Environment Manager at H&M in mid-2019
- 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)
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 Board of Trustees.

We were proud to welcome some new hires to the OCA Secretariat this year, namely a Brand and Communications Director, Office Manager and Programme Officer in the Netherlands and a Supply Chain Manager, Programme Manager and Programme Officer in India.

2019 also marked the departure of Crispin Argento as OCA’s Executive Director. Bart Vollaard, latterly OCA’s Programme Director, stepped in as interim Executive Director before taking the permanent position of Executive Director in January 2020.
OUTLOOK FOR 2020
OUTLOOK FOR 2020

Powered by the promising results of OCA’s FED Programme in 2019, we are looking at a participation increase of almost double the number of organic farmers in our programme for the 2020/21 Indian cotton season. The FED Programme’s steady growth was particularly encouraging amid the current COVID-19 pandemic: an event no-one could have anticipated in 2019. As a consequence, our industry has been turned on its head. In times of great uncertainty such as now, security and stability are the necessary antidotes, which makes OCA’s work of ensuring a secure market off-take for our farmers whilst continuing to implement premium payments for their organic cotton, more crucial than ever.

In 2020, alongside our long-term investments and project work in seed, OCA will also take on two special projects to strengthen organic cotton capacity building and knowledge. We will be developing and piloting state-of-the-art harmonised material to facilitate agronomic and business tuition for organic cotton farmers and trainers: The Organic Cotton Training Curriculum. We also expect to publish the results of our study on crop diversification practices in organic cotton farming, aimed at unveiling the best combination of agronomic, environmental and economic benefits to organic cotton farmers in several Indian states.

As we started building our communications team in 2019, we look forward to launching a new website in 2020 and releasing our new Claims and Communications Guidelines and a Risk Protocol guide, all of which will support our Contributors and partners in communicating their relationship and work with OCA.

With regards to governance, we are also expecting some exciting updates in 2020. To ensure our organisation is fit to compete, OCA is keen for its governance bodies to reflect the diverse, multicultural and global organic cotton supply chain we represent. We are looking forward to welcoming new Board members and establishing a Governance & Nominations Committee; this will develop and oversee OCA’s governance policies and procedures whilst ensuring that there is a robust and effective process for supporting the appointment to, and evaluating the performance of, OCA’s governance bodies.

As we progress into a new decade, we will also start developing OCA’s Strategy Plan for 2030. The strategy and implementation roadmap will be developed through a participative process, in close consultation with our Contributors and external stakeholders, and build on the critical successes and learnings of our early years to guide OCA’s growth over the next ten years. By clearly articulating the way forward for the organisation, we aim to make it clear that we are here for the long-haul and wholeheartedly committed to accelerating the change the organic cotton sector needs to flourish and prosper.
Thank you

We would like to thank our community, who, by supporting and participating in OCA are helping us to drive meaningful change in the sector.

We thank the farmers in our FED Programme who are the true catalysts of this meaningful change. They are the stewards of the land and we know that by supporting them, we strengthen the sector and safeguard the planet.

We thank all the OCA Contributors who are working with us to fully realise the Organic Cotton Effect. Together, we are working towards unleashing the potential of organic cotton – from field to fashion.
Let’s unleash the potential of organic cotton, together