



Memorandum of Understanding: Sustainable Cotton Aligned Impacts Measurement and Reporting Joint Commitment



This MOU constitutes and can also be referred to as The Sustainable Cotton Aligned Impacts Measurement and Reporting Commitment.

Background:

This statement sets out a joint commitment being made between the following parties: The Better Cotton Initiative; Cotton Connect, Cotton Made in Africa; Fairtrade; MyBMP; The Organic Cotton Accelerator, Textile Exchange. It was convened by the Cotton 2040 initiative led by Forum for the Future, with support from Laudes Foundation (formerly C&A Foundation) and ISEAL Alliance.

The signatories to this commitment have been working collaboratively, with Cotton 2040 and The Delta Project¹ to agree a meaningful, credible and practically feasible set of shared core impact indicators and metrics. These indicators – contained in ‘The Delta Framework’ - are intended for use by the signatories - major sustainable cotton standards, programmes and codes - and are also available for stakeholders across the cotton growing sector² who want to monitor and demonstrate sustainability improvements in cotton farming systems in a consistent and cross-comparable measurement and reporting system.

Shared beliefs and goals:

We, the signatories, hold a shared belief that aligning around a shared set of core impact indicators can bring benefits including:

- improved and clearer data to demonstrate significant positive impacts and progress
- reduced effort and cost of impact data collection, including for farmers, certification bodies and other field-workers, through simplification and avoiding duplication of efforts³

¹ The Cotton 2040 Impacts Alignment Workstream and The Delta Project are initiatives working to align sustainability impact indicators and metrics in the cotton industry.

² The Delta Framework is also intended to be relevant to coffee and to other similar sustainable commodities.

³ Alignment on data collection methods will not change existing agreements regarding data privacy and confidentiality which signatories have agreed with their stakeholders and partners.



- more credible and consistent data to give confidence to brands, retailers, donors, and other investors in sustainable cotton.
- enabling the industry to talk about cotton sustainability in a more consistent and compelling way

We have agreed some shared sustainability impact goals and, through this shared indicator framework, aim to show the contribution of sustainable cotton farming systems towards these goals.

Headline impact areas	Sustainable cotton farming creates sustainable livelihoods and reduces poverty (SDGs 1, 8, 10)	Sustainable cotton farming protects and restores the environment (SDGs 3,6,12,13,14, 15)	Sustainable cotton farming promotes equality & empowerment (SDGs 2, 3, 6, 8, 10, 16)
Shared goals	Cotton farmers & workers earn a 'decent' income.	Sustainable cotton farming minimises contamination of natural resources	Human rights are respected on cotton farms, with no forced and child labour.
	Sustainable cotton farming is economically viable and farmers are economically resilient.	Sustainable cotton farming protects and regenerates ecosystem services.	Healthy & safe working conditions are present for all farmers and workers.
	Sustainable cotton farming alleviates poverty.	Sustainable cotton farming reduces greenhouse gas emissions and builds resilience to climate change.	Sustainable cotton farming delivers equality and empowerment, including gender equality, for cotton farmers and workers.

Shared commitments

We, the signatories, intend to align with the Delta Framework, once finalised, as our shared, credible approach to measurement and reporting of core sustainability issues of relevance to the cotton farming.

We, the signatories, commit to:

1. Take practical steps towards finalising, and aligning with the shared set of core indicators which are relevant to cotton farming systems set out in the Delta Framework (which has been developed in close collaboration with sustainable cotton standards, programmes, and codes along with other industry stakeholders), including:
 - a. Helping to test, refine and finalise the draft indicators during 2020-2021 (including field-tests of proposed new indicators)*
 - b. sharing our experiences with collecting and reporting on the indicators (including those which we already collect routinely and new indicators which we field-test) to inform the final version of the Delta Framework**
 - c. identify an individual timeline for integrating relevant shared indicators into our own monitoring, evaluation and reporting systems over time, as the earliest operationally and financially feasible opportunities arise (these individual timelines can be collated to form a sector roadmap).⁴

⁴ Adherence to this timeline is voluntary, made as a statement of intent rather than a formal fixed commitment.

2. Actively contribute (for example through calls, meetings and further testing) to continued, collaborative efforts to align impact indicators for sustainable cotton farming systems, in order to facilitate greater transparency in the sector, which is critical to encouraging greater uptake of more sustainable cotton farming approaches.
3. Continue to collaborate to drive further evolution, improvement and alignment of impact measurement and reporting approaches across sustainable cotton farming systems, for example to develop better indicators on additional shared priorities set out in Appendix 1.

*Each of the signatories will help to field-test the indicators, collaborating to share feedback and experiences from across different contexts and farming systems, ultimately aiming to test and refine the indicator set, ensuring it is feasible and relevant across multiple cotton farming systems. Field-tests will be during 2020-2021 growing season(s) or as soon as feasible bearing in mind the local context and individual operational settings.

**The initial draft version of the Delta Framework is set out in Appendix 1, along with some shared priorities for further indicator evolution and development. This draft version may evolve based on initial field-tests. The measurement methodologies and reporting protocols will be tested and refined during 2020-2021 and as a result of ongoing learning. During field-testing of the Delta Framework, participants will share methodologies and experiences of data collection. Results data will not be shared or published without permission of the participating organisations.

Invitation to the wider cotton sector and other stakeholders:

We invite others (including brands, retailers, certification bodies, international supply chain standards, national production standards, supply chain partners, non-profits involved in sourcing projects and other relevant stakeholders) to join us in committing to:

- Alignment in impact measurement and reporting approaches, in order to facilitate greater transparency and accountability.
- Actively engage in refinement and further development of the Delta Framework to ensure it develops into something that is relevant and applicable to a wider range of sector stakeholders.
- Work towards integrating the common core indicators of sustainable cotton farming systems, set out within the Delta Framework, into your own data and reporting systems.

Signatories as of 31st July 2020:

The Better Cotton Initiative; Lena Staafgard, Chief Operating Officer
Cotton Australia (including MyBMP) Adam Kay, Chief Executive Officer
Cotton Connect, Alison Ward, Chief Executive Officer
Aid by Trade Foundation (Cotton Made in Africa), Tina Stridde, Manager
Cotton Research and Development Corporation, Allan Williams, General Manager, R&D Investment
Fairtrade Foundation, Subindu Gharkel, Senior Cotton and Textiles Lead
The Organic Cotton Accelerator, Bart Vollaard, Executive Director
Textile Exchange, La Rhea Pepper, Managing Director



Appendix 1: The Delta Framework: Indicators, Additional Data Points and Future Indicator Priorities

A: Final Draft Indicators Set 31st January 2020 (confirmed set for 2020-21 field pilots).

1	USE OF HIGHLY HAZARDOUS PESTICIDES - kg active ingredient (a.i.) per highly hazardous pesticide per ha of harvested land
2	PESTICIDE RISK COMPOSITE INDICATOR – (Default indicator: pesticide use per group) - kg a.i. per ha of harvested land
3	WATER MANAGEMENT
	a Quantity of water used for irrigation - mega litres (blue water) / ha harvested land
	b Water use efficiency - percentage (%)
	c Water Crop Productivity (WCP) - mega litres (blue water) per tonne of cotton lint
4	TOP SOIL CARBON CONTENT – grams organic carbon per tonne of soil / ha
5	FERTILIZER USE BY TYPE - (Nitrogen Use Efficiency in future) - kg a.i. of N, P, K per ha of harvested land
6	FOREST, WETLANDS AND GRASSLAND CONVERTED FOR COTTON PRODUCTION - ha of forest, wetland, grassland converted to cotton production
7	GREEN HOUSE GAS EMISSIONS- kg CO ₂ e / kg cotton lint. Scope: only emissions, gate of ginning
8	YIELD (average) - kg cotton lint / ha of harvested land
9	NET AVERAGE RETURNS FROM COTTON PRODUCTION (Living Income in future) - USD / ha seed cotton lint
10	PRICE (at farmgate) - local currency / tonne of seed cotton - For premium-based standards only
11	PROPORTION OF WORKERS EARNING A LEGAL MINIMUM WAGE BY GENDER - Daily average earnings for farm labour compared to (rural) minimum wage in local currency, in %
12	INCIDENCE OF WORST FORM OF CHILD LABOUR - number of children aged 5–17 years engaged in child labour, by sex and age
13	INCIDENCE OF FORCED LABOUR - number of people over 17 years of age, engaged in forced labour, by sex and age
14	GENDER - women in managerial/leadership roles and other relevant decision-making influences
15	NUMBER OF FATALITIES AND NON-FATALITIES ON FARM BY GENDER - number of incidences per 1 million people

B: Additional data points which are essential to underpin effective, alignment in indicator measurement and reporting and will require shared protocols (which will be included in the Delta Framework data protocols).

- a) Agricultural products certified or licensed (including consistent names for different types of cotton and initiative name)
- b) Harvested area under cotton production
- c) Harvest year for data collection and reporting
- d) Standardised farm or farm group identifier and definitions
- e) Location identifier – consistent country and region names to enable identification of forced / child labour risk or variations in environmental context such as water risk and habitat change (e.g. deforestation).
- f) Geo-spatial co-ordinates (recording method will enable protection of farmer privacy)
- g) Number of farmers and workers, including definition of farmers and workers.
- h) Number of permanent employees and temporary workers of certificate holders covered by the standards (NB difficulties obtaining this data have been noted)
- i) Rain-fed or irrigated status. (% Rain-fed vs % Irrigated)
- j) Currency exchange rates conversion reference point (local currency to be the primary unit for economic indicators)
- k) Conversion between seed cotton to lint cotton – application of a standardized methodology across regions.

C: Additional agreed priorities to be further explored for future development:

The following are shared priorities for further exploration and development which the Cotton 2040 Impacts Alignment working group members identified as priorities to explore collaboratively in future, after the core indicators in 'A' above have been tested or when specific feasible opportunities occur. Indicators on these themes will help demonstrate further progress towards the nine shared goals for sustainable cotton production set out above.

- Living wages and living income for farmers and farm workers
- Farm economic resilience
- Additional contextualisation of water use efficiency with data on local water risk and irrigation systems
- Contextualised measures to capture risk of child and forced labour, and effectiveness of practices aimed at eliminating them,
- Measurement in relation to “Human Rights Due Diligence” Processes
- Application of the indicators to variety of farming scenarios, including diverse farming systems in addition to mono-crop scenarios.
- Farmer resilience to climate change