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**Final Report of a Meeting of the Task Force on Cotton Identity Programs**  
**Thursday, August 8, 2013**  
**Teleconference**

Members Present: Mark Messura (Chair), Adam Kay, Elke Hortmeyer, Allan Williams, Allen Terhaar, LaRhea Pepper, Nicolas Petit (in representation of Patrick Laine), Andrew MacDonald.

Members Absent: Denilson Galbero, Norberto Mahalambe, Francesca Mancini, Jens Soth, Saire Turkoglu, Patrick Laine, Christoph Kaut.

Alejandro Plastina and Terry Townsend served as Secretariat.

**Next Meeting:** A conference call is scheduled for the first week of September 2013 (date to be confirmed).

Report of the Meeting

**Revised Agenda:**

1. Adoption of the Agenda
2. Welcome to new members of the Task Force representing the Cotton Identity Programs:
  - Better Cotton Initiative: Mr. Patrick Laine, CEO, Better Cotton Initiative. Mr. Nicolas Petit filled in for Mr. Laine.
  - Cotton Made in Africa: Mr. Christoph Kaut, Managing Director, Aid by Trade Foundation
  - Organic Cotton: Mrs. LaRhea Pepper, Director Textile Exchange.

Note that Mr. Frank Eyhorn, Member of the World Board, International Foundation for Organic Agriculture (IFOAM), supported the nomination of Mrs. Pepper as representative of all Organic Cotton initiatives for the purposes of this Task Force.

3. Welcome to a new member of the Task Force representing cotton spinners, nominated by the International Textile Manufacturers Federation (ITMF):
  - Mr. Andrew MacDonald, Chairman of the ITMF Spinners Committee and Member of the ITMF Board.
4. Review of responses to questionnaire for identity programs (attached as pdf files: BCI, CMIA)

**Organic cotton**

In reference to question 7, Mrs. Pepper explained that testing is conducted randomly at the spinning, ginning, and farm levels. If traces of residues or biotech cotton are found in the samples, above certain thresholds the participant is expelled from the organic program. The thresholds vary across countries. **It was proposed that the thresholds be included in the report of this Task Force (TF) to the Plenary Meeting (PM).**

Mrs. Pepper requested that the excel file "Survey.xlsx" (sheet "characteristics") be amended to reflect that the control of standards in organic cotton is done through "labeling and third party verification". She explained that the standards vary across countries, but most countries comply with US and EU standards (given that they represent the biggest market for organic cotton). Organic standards are very standardized around the globe.

Mrs. Pepper explained that cotton samples are sent to a lab in Germany that applies very sophisticated and expensive tests to evaluate whether samples of organic cotton contain pesticide residues or biotech cotton samples. Once cotton is transformed into yarn it is no longer possible to test for the organic content of yarn, fabric or textile goods. That is why they track the weight of textile output and the percentage of organic that goes into it. Yarn produced with labeled organic cotton has a code, verified and tracked through knitting and cut-sew operations.

Nike produces very little 100% organic cotton goods, but is a big user of blended programs (labeled through GOTS) applying cotton in transition and cotton in conversion<sup>1</sup>. The goods produced using blended programs are not marketed as organic, but help Nike with their corporate responsibility report.

The organic label can be used only when at least 70% of the content of the textile good is organic.

**It was proposed that the essential points of the Organic Programs of the United States, the EU and Japan be included in the report of this TF to the PM.**

**It was proposed that a row with totals (sum) be added to the first table in question 2.**

### **Better Cotton Initiative**

**It was proposed that data on the number of farmers in each country be requested to BCI to include in the Report to the PM.**

In July 2013, BCI introduced the new Chain of Custody guidelines that cover the whole supply chain:

- gins will follow a segregation Chain of Custody - a system that keeps BCI segregated from conventional cotton - this allows for 100% BCI bales to be created
- all other supply chain actors (traders, spinners, fabric manufacturers, garment makers) will follow an administrative mass balance chain of custody.

The ginner ensures that BCI seedcotton is segregated and processed into bales separately from conventional cotton. There is no requirement that the gin be cleaned down prior to commencing ginning of BCI cotton. It is optional for ginner to clean down the gin beforehand. If the 100 % BCI bales are produced following a clean down, the ginner may wish to record this in case potential buyers are interested in knowing this information.

Gin monitoring costs are covered by the BCI.

After 2016, BCI's intention is to move to a full physical traceability option (as compared to the existing mass balance system).

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<sup>1</sup> Cotton in conversion and cotton in transition are denominations used as synonyms in different countries for cotton produced within the first 36 months after the last use of a prohibited substance on the field for it to be able to be certified organic. Although being grown organically, those cottons cannot be certified organic.

Please find the BCI Chain of Custody Guidelines and Members Updates attached at the end of this report. It must be noted that only the Chain of Custody Guidelines can be shared outside this Task Force (the other document being for members only).

BCI is similar to CMIA in the sense that they are trying to reach the mainstream – BCI at global level and CmiA for Africa specifically. A partnership agreement has been signed between the two organizations following an extensive benchmarking process. This allows CmiA cotton to be sold as Better Cotton (one way recognition). The agreement is currently under revision and the new agreement is expected to be signed in August 2013.

Regarding question 9, BCI plans to expand to new countries are presented in the questionnaire. **Mr. Petit agreed to send data on the target number of farmers per country and provide more disaggregated information.**

Mr. Petit mentioned that initial results from the 2011 season indicate that participating farmers in BCI can experience growth in profits (see BCI 2011 annual report at <http://bettercotton.org/about-bci/what-we-do/annual-report/>). A report on profitability at farm level for the 2012 harvest season will be made publicly available in October 2013.

**It was proposed that a traceability matrix be included in the Report to the PM, indicating which stages were covered by each Program (farm to gin; gin to mill; mill to yarn; etc.)**

### **Cotton Made in Africa**

More information was requested regarding:

(a) Identification of the seven merchants mentioned in answer to question 3. From CMIA webpage<sup>2</sup>: Cargill Zambia, Dunavant S.A., Faso Coton, Industries Cotonnières Associées-Groupement d'Intérêt Économique – (ICA) Talon; Ivoire Coton; Plexus/Great Lakes Cotton Company – Malawi; Plexus/Great Lakes Cotton Company – Mozambique;

**(b) How do merchants qualify or are eligible to participate in CMIA?**

**(c) Process on how merchants participate in CMIA?**

Mr. Petit explained that starting in August 2013, BCI and CMIA will start a long term agreement according to which all CMIA cotton will automatically qualify as BCI cotton.

Mrs. Pepper indicated that CMIA and the Textile Exchange are putting together a CMIA-Organic cotton project.

**It was proposed that collaboration between Cotton Identity Programs be highlighted in the Report to the PM.**

**It was proposed that the existence of other Cotton Identity Programs besides the ones that answered the survey be acknowledged in the Report to the PM.**

5. Review of Work Program.

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<sup>2</sup> <http://www.cotton-made-in-africa.com/en/partners/partners/our-partners.html>

- It was agreed that Mark and Alejandro will draft a report on Organic cotton, BCI and CMIA by the end of August. The report will address suggestions made during this meeting. Members are encouraged to send other suggestions by email to Alejandro ([alejandro@icac.org](mailto:alejandro@icac.org)).
  - The draft report will be distributed among the members of this Task Force by the end of August for discussion via conference call during the first week of September (date to be confirmed). Members are encouraged to submit comments by email to Alejandro if they cannot participate in the conference call.
  - After the PM, the list of Cotton Identity Programs covered by this Task Force could be expanded.
  - The Work Plan was approved.
6. Participation of TFCIP at the ICAC Plenary Meeting in Cartagena (Colombia):
    - Members of the TFCIP will meet on Sunday, September 29, 2013 at 10:00 hs.
    - Mr. Mark Messura (Chair of TFCIP) will present a Report from the TFCIP to the Plenary Meeting during the Second Breakout Session “Producing and Marketing Identity Cottons”, on Tuesday, October 1 at 11:15 AM (please note that time has changed from preliminary agenda).
  7. Participation of Fairtrade Cotton in Task Force. Mr. Damien Sanfilippo, Global Product Manager (Cotton), Fairtrade Labelling International (FLO).
    - The issue of participation of Fairtrade and other Cotton Identity Programs will be explored after the PM.
  8. **The next conference call will be during the first week of September 2013 (date to be confirmed).**

The call was adjourned at 9:05 AM Washington, DC time.

# Better Cotton Chain of Custody Guidelines

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# 1.0 Introduction

BCI exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. BCI works with a diverse range of stakeholders to promote measurable and continuing improvements for the environment, farming communities and the economies of cotton-producing areas. BCI aims to transform cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity.

## **BCI's specific aims are to:**

1. Reduce the environmental impact of cotton production
2. Improve livelihoods and economic development in cotton producing areas
3. Improve commitment to and flow of Better Cotton throughout the supply chain
4. Ensure the credibility and sustainability of the Better Cotton Initiative

Building on the Better Cotton successes to date in creating positive change for the environment and farming communities, and growing demand from BCI Retailer and Brand members, BCI has set robust targets for the future: to increase Better Cotton volume production to 2.6m MT by 2015 and 8.2m MT by 2020.

The [\*BCI Production Principles and Criteria\*](#) provide a global definition of Better Cotton and include social and environmental criteria that are applicable to producers. These [\*Better Cotton Chain of Custody \(CoC\) Guidelines\*](#) provide guidance on Better Cotton CoC requirements for all supply chain actors after producer level, including Retailers and Brands who make claims about their Better Cotton procurement.

The Chain of Custody mechanism employed after gin level is an administrative Mass-Balance (MBa) system, which allows for Better Cotton to be substituted with conventional cotton, and ensures that the quantity of Better Cotton purchased with a Better Cotton claim is equal to the quantity of cotton sold with a Better Cotton claim. This system does not require that the Better Cotton data (e.g. bale numbers) must remain associated with physical Better Cotton.

## 2.0 Scope

**Ginners** will implement the Segregation CoC Guidelines at Site Level, and the Better Cotton CoC requirements and data will be maintained at each gin site individually.

**Traders**<sup>1</sup> of cotton lint will implement the MBa CoC Guidelines at Country Level, covering material from the same country of origin. For example: if a trader buys Brazilian Better Cotton, the claim associated with this purchase may be allocated to any conventional Brazilian cotton that may be in a different site within Brazil, as long as it is owned by the trader. The trader cannot allocate claims from Brazilian Better Cotton to conventional cotton or to Better Cotton from a different country of origin e.g. Mali.

**Other Supply Chain Actors** will implement the MBa CoC Guidelines at Site Level. The CoC requirements and data will be maintained at each site owned by an organisation or supply chain actor. For example: if a spinner buys Brazilian Better Cotton then the claim from this purchase may be allocated to an equal quantity of conventional cotton from any country of origin as long as it is owned by the spinner, and located at the same site of processing e.g. conventional cotton from India.

### a) Membership requirements

Gins may handle Better Cotton and make claims about Better Cotton availability without formal membership of the BCI. However, all gins processing Better Cotton need to be listed with and trained by local BCI staff. Gins processing Better Cotton are subject to the requirements of the [BCI Ginner Monitoring Guidelines](#) and associated annexes.

Registered Membership of BCI is obligatory for those traders and spinning mills that wish to access the Better Cotton Traceability System. Spinning mills and traders are not permitted to make claims about Better Cotton use and sourcing if they are not Registered Members of BCI.

Supply chain actors, after spinner level, who do not hold BCI membership may handle products with allocated Better Cotton claims but cannot make any sourcing claims (except providing the official [Output Declaration](#), see section on other supply chain actors).

Use of the Better Cotton Traceability System is required by all at ginner, trader, spinner, and retailer levels. In 2013, the Better Cotton Traceability System consists of the Bale Tracking System (BTS) and the Better Cotton Tracer. Over time, BCI will use only one Traceability System. Overall it is more advantageous to be a member of BCI at every level.

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<sup>1</sup>All reference to traders in this document is to traders of cotton lint only.

## b) List of BCI tools available

These *Better Cotton Chain of Custody Guidelines* together with a number of other documents will form a suite of tools to support the Better Cotton Chain of Custody. Supply chain actors will be trained on these at dedicated events. Other tools include:

	BETTER COTTON CHAIN OF CUSTODY TOOLS	RELEVANT FOR:
Tool 1	Introduction to Registered Membership	All
Tool 2	Better Cotton Chain of Custody Guidelines	All
Tool 3	Better Cotton Supply Chain updates	All
Tool 4	FAQs for Suppliers & Manufacturers	All supply chain actors between gin and retailer
Tool 5	BCI Ginner Monitoring Guidelines	Ginner
Tool 6	Support tools for Ginners (gin declaration form, information to create BTS account etc.)	Ginner, Trader, Spinner, Retailer
Tool 7	Terms and Conditions of Better Cotton Traceability System (BTS and Better Cotton Tracer)	Ginner, Trader, Spinner, Retailer
Tool 8	Better Cotton Traceability System User manual (BTS and Better Cotton Tracer)	All supply chain actors between gin and retailer
Tool 9	Output Declaration forms for all actors not using the Better Cotton Traceability System <sup>2</sup>	All supply chain actors between spinner and retailer
Tool 10	Better Cotton Claims Framework	All
Tool 11	BCI Membership Code of Practice	All members
Tool 12	Volume Based Fee briefing	Retailers

<sup>2</sup> Output Declaration forms for actors using the Better Cotton Traceability System (traders and spinners) are generated automatically by the Better Cotton Tracer.

## 3.0 Definitions/Terminology

TERM	DEFINITION
Bale Tracking System (BTS)	Part of the Better Cotton Traceability System. Online tool used by ginners to record purchases of Better Cotton.
Better Cotton Chain of Custody	The data and documentation flow through the supply chain, from the farmer to the final retailer to prove that the Better Cotton volumes being claimed by retailers are equal to the volume of Better Cotton being produced at farm level.
Better Cotton Chain of Custody Guidelines	BCI's requirements for supply chain actors implementing claim/data management systems for handling Better Cotton products.
Better Cotton Claim Units (BCCU)	The units of conventional cotton that can be substituted for equivalent units of Better Cotton. An equivalent quantity of physical Better Cotton (1 kilo) that may be allocated to a corresponding quantity of conventional virgin cotton or virgin cotton content in yarn. A BCCU cannot be smaller than 1 kilo.
Better Cotton Traceability System	Consists of the BTS and the Better Cotton Tracer. BCI online systems for tracking Better Cotton claims to be used by ginners, traders, spinners and retailers wishing to make a claim about their Better Cotton use.
Better Cotton Tracer	Part of the Better Cotton Traceability System. Online tool used by traders, spinners and retailers to record purchases and sales of Better Cotton.
Buyer (purchaser)	The next actor in the supply chain who is taking legal and/or physical ownership of the Better Cotton product.
Chain of Custody (CoC) system	The record keeping system implemented by each supply chain actor in order to ensure that the Better Cotton inputs and outputs are being maintained in line with the CoC Guidelines. This is in addition to the entry of data on the Better Cotton Traceability System.
Mass Balance Administrative (MBa)	A system for administratively monitoring the inputs and outputs of Better Cotton. It allows for substitution of Better Cotton with conventional cotton provided that the outputs of Better Cotton do not exceed the inputs of Better Cotton.
Products	The physical goods that are being passed along the supply chain. These may be finished or unfinished.
Scope	The range within which physical Better Cotton can be substituted by conventional cotton. Country scope – substitution from the same country of origin. Site scope – substitution from any country of origin but only within one site.
Segregation	A system for physically monitoring the inputs and outputs of Better Cotton. Better Cotton products must be kept separate (segregated) from conventional cotton products, and the outputs of Better Cotton should not exceed the inputs of Better Cotton.
Site	A geographical location (within precise boundaries) where a supply chain actor carries out production or processing procedures.
Supplier	The previous supply chain actor in the supply chain who is passing on legal and/or physical ownership of the Better Cotton product.
Supply chain	The series of organisations that handle a commodity during production, processing, shipping and retail.
Supply chain actor	The entity that is handling Better Cotton products.
Trader of cotton lint	An organisation that takes legal and/or physical ownership of cotton lint but does not undertake any product transformation (processing and production for example). During transport between the actors (supplier, trader and buyer) the cotton lint may cross international borders.

## 4.0 Content of each section

For ease of reference the *CoC Guidelines* have been designed to allow a dedicated section for each supply chain actor within the Better Cotton supply chain. The relevant sections are also available within each actor's account on the Better Cotton Traceability System (BTS and Better Cotton Tracer). The sections cover the following:

- a) **Documented procedures, training and responsibilities**  
Guidance regarding the procedural and training requirements for each supply chain actor for successful implementation of the Better Cotton CoC.
- b) **Records**  
High-level guidance regarding the maintenance of data records by each supply chain actor for successful implementation of the Better Cotton CoC.
- c) **Material input records**  
Specific guidance regarding the collection of data from sellers to maintain the Better Cotton CoC including standard formats in which this information should be collected. This is in addition to the entering of information on the Better Cotton Traceability System (either on the BTS or the Better Cotton Tracer).
- d) **Material output records**  
Specific guidance regarding the passing on of information to buyers to maintain the Better Cotton CoC including standard formats in which this information should be collected. This is in addition to entering required information in Better Cotton Traceability System (either on the BTS or the Better Cotton Tracer).
- e) **Better Cotton Traceability System**  
High-level guidance on the functioning of the Better Cotton Traceability System (either for the BTS or the Better Cotton Tracer), only to be used in conjunction with the *Better Cotton Traceability System User Manual* (BTS or Better Cotton Tracer) and in addition to the maintenance of other records as indicated above.
- f) **Physical Better Cotton**  
Guidance on the treatment of physical Better Cotton by the specific supply chain actor, in line with either a Segregation CoC (ginners), or an MBa CoC (all other supply chain actors including traders and spinners).
- g) **Outsourcing**  
Guidance on the use of third parties or subcontractors (for both buying and selling products) in order to ensure the successful implementation of the Better Cotton CoC.
- h) **Penalties**  
Description of penalties applicable to each actor in case of wilful misuse or breach of the rules of the Better Cotton Traceability System and the *Better Cotton Chain of Custody Guidelines*.
- i) **Claims**  
Rules on permissible claims regarding Better Cotton use. Important specifics regarding the [Better Cotton Claims Framework](#). Any non-conformity with the requirements of these Guidelines will be subject to penalties defined in the *Ginner Monitoring Guidelines* or the *BCI Membership Code of Practice*, depending on the actor in question.

(All the sections mentioned above may not be relevant to each supply chain actor. Where this is the case, only relevant sections have been included.)

## 5.0 Ginners

### 5.1 Documented procedures, training and responsibilities

- 5.1.1 The ginner maintains written procedures covering the requirements of the *Better Cotton CoC Guidelines*.<sup>3</sup>
- 5.1.2 The ginner keeps a copy of the *Better Cotton CoC Guidelines* and *Better Cotton Traceability System User Manual* (BTS) on each of the premises where Better Cotton bales are produced (a soft copy is acceptable).
- 5.1.3 The ginner identifies the persons who are responsible for implementing each procedure and ensures that they have adequate training<sup>4</sup> and the qualifications to implement the procedure.
- 5.1.4 The ginner appoints a management representative with overall responsibility for the implementation of the Better Cotton CoC and recording relevant data on the BTS.<sup>5</sup>

### 5.2 Records

- 5.2.1 The ginner implements a record keeping system (CoC System) to maintain complete and up-to-date records covering all aspects of the Better Cotton CoC.
- 5.2.2 Records must be retained for at least five (5) years and open for verification by BCI in line with the *Ginner Monitoring Guidelines* (soft copy is acceptable).

### 5.3 Material input records

- 5.3.1 The ginner checks that the BCI Producer Unit (PU) license code and any supporting documentation is available and accurate to the best of his/her knowledge before entering this information on the BTS.
- 5.3.2 The ginner ensures that the quantity of seed Better Cotton received is in compliance with the supplied documentation before it is recorded on the BTS.
- 5.3.3 The ginner ensures that the seed Better Cotton (received from qualified Better Cotton farmers) is accompanied by all relevant information required for the Better Cotton CoC. This should include—
  - » Name and address of the seller
  - » Date of declaration
  - » Volume of seed Better Cotton delivered (weight in kilos)
  - » Description of product (quality parameters<sup>6</sup>)
  - » Origin of seed Better Cotton (PU license code and country)
  - » Type of cotton: CmiA-BC or BC
- 5.3.4 The ginner ensures that a mechanism is in place for handling non-conforming material/documents. In the event that non-conformity is identified, BCI will take appropriate action in line with the *Ginner Monitoring Guidelines* including application of penalties and associated dispute resolution mechanisms.

### 5.4 Material output records

- 5.4.1 The ginner ensures that the lint Better Cotton is accompanied by an *Output Declaration*. This should include –

<sup>3</sup> The detail in the procedures may vary in accordance with the size and complexity of the organisation.

<sup>4</sup> The level and structure of the training will depend on the size and complexity of the organisation. Training may include BCI training provided to non-member ginners interested in processing Better Cotton. BCI will train a maximum of three representatives per company. Any additional staffs requiring training are the responsibility of the organisation in question.

<sup>5</sup> All user details captured on the BTS can be edited by the BCI on request e.g. change in staff due to turnover, additional trained staff etc.

<sup>6</sup> Information on quality is not compulsory and Better Cotton can be recognised as such in the absence of this information as long as all other requirements are fulfilled.

- » Name and address of the seller and buyer
- » Date of declaration
- » Volume of lint Better Cotton (net weight in kilos)
- » Number of bales
- » Corresponding local identification numbers (e.g. lot numbers)
- » Description of the product (quality parameters<sup>7</sup>)
- » Origin of lint Better Cotton (gin code and country)
- » Type of cotton: CmiA-BC or BC

5.4.2 The ginner also provides any additional relevant transport documentation to the trader/spinner.

## 5.5 Better Cotton Traceability System (BTS)

5.5.1 The BTS generates a unique gin code for each gin.

5.5.2 In the case of ginner who are also traders, two separate accounts are maintained on the BTS and the Better Cotton Tracer with different functionalities as per the requirements of the *Better Cotton CoC Guidelines*.

5.5.3 The ginner ensures that the quantity of Better Cotton inputs and outputs (by weight) is monitored and updated on a real-time basis.

5.5.4 The ginner enters the required information on the BTS in real time. BCI reserves the right to conduct random gin checks (in line with the *Ginner Monitoring Guidelines*) to ensure that data is being entered on the BTS in a timely fashion.

5.5.5 The ginner ensures that the turn out ratio (percentage loss during processing) is accurately calculated, documented and communicated to BCI during creation of ginner profiles.<sup>8</sup>

5.5.6 The ginner only delivers lint Better Cotton/Better Cotton bales from a positive seed Better Cotton account, i.e. where volumes of seed Better Cotton are equal to or exceed volume of lint Better Cotton (taking into account the loss percentage).

5.5.7 Seed Better Cotton volumes are valid from the time at which they are entered on the BTS. These volumes remain valid until the corresponding lint quantity is claimed by buyers (spinner or trader).

## 5.6 Physical Better Cotton

5.6.1 The ginner ensures that seed Better Cotton is segregated and stored separately from conventional cotton.

5.6.2 The ginner ensures that seed Better Cotton is segregated and processed into bales separately from conventional cotton. There is no requirement that the gin be cleaned down prior to commencing ginning of the Better Cotton.<sup>9</sup>

5.6.3 Ginners identify each Better Cotton bale with the standardised local bale identification number AND pass on this information in an *Output Declaration* accompanying the bales.

5.6.4 Only ginner members of BCI are allowed to identify a Better Cotton bale with the BCI logo. The non-member ginner may not make use of the BCI logo to identify any Better Cotton bales.

<sup>7</sup> Information on quality is not compulsory and Better Cotton can be recognised as such in the absence of this information as long as all other requirements are fulfilled.

<sup>8</sup> The percentage material loss is dependent on a range of factors and will vary between gins. The range of turn out ratios allowed per country is determined by BCI in advance of gin account creation on the BTS.

<sup>9</sup> It is optional for ginner to clean down the gin beforehand. If the 100 % Better Cotton bales are produced following a clean down, the ginner may wish to record this in case potential buyers are interested in knowing this information.

## 5.7 Outsourcing

- 5.7.1 If a ginner, wishing to buy seed Better Cotton or sell lint Better Cotton, outsources activities to a subcontractor or independent organisation (e.g. middlemen or consolidators for the purchase of seed cotton in South Asia) then the ginner ensures that the subcontractor or independent organisation complies with the intent and requirements of the *Better Cotton CoC Guidelines*.
- 5.7.2 In the case of the use of third parties, all reporting on the BTS regarding Better Cotton purchases and sales is the responsibility of the ginner who has outsourced the activity.
- 5.7.3 The ginner ensures that the subcontractor or independent organisation is willing to provide unrestricted access to their operations and systems in line with the *Ginner Monitoring Guidelines*.
- 5.7.4 The ginner records the names and details of all subcontractors or independent organisations that the ginner outsources work to.
- 5.7.5 Better Cotton claims may only be used by BCI members. Parties to whom work may be outsourced do not have the right to use Better Cotton claims.

## 5.8 Penalties

- 5.8.1 Ginner are subject to the following penalties should they purposefully misuse or breach the rules of the Better Cotton Traceability System and the *Better Cotton CoC Guidelines*.
- 5.8.2 These penalties are defined in addition to the conditions of the *BCI Membership Code of Practice* and the [Ginner Monitoring Guidelines](#). Where the actor in question is a BCI member, all three documents apply.
- 5.8.3 Penalties for ginner (defined in greater detail in the *Ginner Monitoring Guidelines*) include –
- » First misuse – Temporary suspension of access to BTS accounts.
  - » Second misuse – Temporary suspension of access to BTS accounts and formal warnings to the gin and to customers.
  - » Repeated misuse (more than two or gross as defined in *Ginner Monitoring Guidelines*) –
    - Permanent closure of the BTS account and formal notice to customers.
    - Permanent cancellation of participation as a Better Cotton ginner.
    - Withdrawal of membership (where the ginner happens to be a member).
- 5.8.4 Ginner may refer to the BCI Grievance Procedure in case of any disagreements with application of penalties.

## 5.9 Claims

- 5.9.1 Ginner only make claims in compliance with the [Better Cotton Claims Framework](#).

## 6.0 Traders (cotton lint/ bales only)

- 6.1 Documented procedures, training and responsibilities
- 6.1.1 The trader maintains written procedures covering the requirements of the *Better Cotton CoC Guidelines*.<sup>10</sup>
- 6.1.2 The trader keeps a copy of the *Better Cotton CoC Guidelines* and *Better Cotton Traceability System User Manual* (Better Cotton Tracer) on each of the premises from which Better Cotton is traded (a soft copy is acceptable).
- 6.1.3 The trader identifies the persons responsible for implementing each procedure and ensures that they have adequate training<sup>11</sup> and the qualifications to implement the procedure.
- 6.1.4 The trader appoints a management representative with overall responsibility for the implementation of the Better Cotton CoC and recording of relevant data on the Better Cotton Tracer<sup>12</sup>.

<sup>10</sup> The detail in the procedures may vary in accordance with the size and complexity of the organisation.

<sup>11</sup> The level and structure of the training will depend on the size and complexity of the organisation. Training may include BCI training provided to Registered supplier and manufacturer members. BCI will train a maximum of three representatives per company. Any additional staffs requiring training are the responsibility of the organisation in question.

<sup>12</sup> All user details (three per company) captured on the Better Cotton Tracer can be edited by the BCI on request e.g. change in staff due to turnover, additional trained staff etc.

<sup>13</sup> Information on quality is not compulsory and Better Cotton can be recognised as such in the absence of this information as long as all other requirements are fulfilled.

### 6.2 Records

- 6.2.1 The trader implements a record keeping system (CoC System) to maintain complete and up-to-date records covering all aspects of the Better Cotton CoC.
- 6.2.2 Records must be retained for at least five (5) years and open for verification by BCI in line with the *BCI Membership Code of Practice* (soft copy is acceptable).

### 6.3 Material input records

- 6.3.1 The trader ensures that an *Output Declaration* containing all relevant information accompanies the lint Better Cotton (received from ginners). This should include –
- » Name and address of the seller and buyer
  - » Date of declaration
  - » Volume of lint cotton (net weight in kilos)
  - » Number of bales
  - » Corresponding local identification numbers (e.g. lot numbers)
  - » A description of the product delivered (quality parameters<sup>13</sup>)
  - » Origin of lint Better Cotton (gin code and country)
  - » Type of cotton (Better Cotton or Cotton made in Africa)
- 6.3.2 The trader checks that the Output Declaration received from gins is accurate to the best of his/her knowledge before entering this information on the Better Cotton Tracer.
- 6.3.3 The trader ensures that the documentation supplied accurately reflects the quantity of lint Better Cotton received. This is done prior to recording on the Better Cotton Tracer.
- 6.3.4 The trader ensures that there is a mechanism for handling non-conforming material/ documents. In an instance where non-conformity is identified, BCI will take appropriate action in line with the *BCI Membership Code of Practice* including application of penalties and associated dispute resolution mechanisms.

## 6.4 Material output records

- 6.4.1 The trader ensures that lint cotton with allocated Better Cotton Claim Units is accompanied by an *Output Declaration* generated via the Better Cotton Tracer. This should include –
- » Name and address of the seller and buyer
  - » Date of declaration
  - » Volume lint cotton (weight in kilos)
  - » Volume of Better Cotton replaced (weight in kilos)<sup>14</sup>
  - » Number of bales
  - » Description of the product (quality parameters)
  - » Origin of lint Better Cotton (country of lint)
  - » Type of cotton: CmiA-BC or BC
- 6.4.2 The trader also provides any additional relevant transport documentation to the spinner.

## 6.5 Better Cotton Traceability System (Better Cotton Tracer)

- 6.5.1 The Better Cotton Tracer generates a unique trader code for each trader.
- 6.5.2 In the case of traders who are also ginners, two separate accounts are maintained on the Better Cotton Tracer and the BTS with different functionalities as per the requirements of the *Better Cotton CoC Guidelines*.
- 6.5.3 The trader ensures that the quantity of Better Cotton inputs and outputs (by weight) is monitored and updated on a real-time basis.
- 6.5.4 The trader enters the required information on the Better Cotton Tracer in real time.
- 6.5.5 Lint Better Cotton volumes are valid from the time at which they are entered on the Better Cotton Tracer. These volumes remain valid until they are claimed by buyers or declared as sold by traders.

## 6.6 Physical Better Cotton

- 6.6.1 The trader may substitute physical Better Cotton bales with conventional cotton bales as long as the conventional cotton bales originate from the same country e.g. a trader who has procured 1,000 kilos Better Cotton from Brazil and sold it without a Better Cotton claim, may at a later stage apply the 1,000 BCCUs to 1,000 kilos of conventional cotton from Brazil ONLY and so meet the demand for Better Cotton.
- 6.6.2 Traders are not required to identify individual Better Cotton bales with any particular information. However, they must provide an Output Declaration generated via the Better Cotton Tracer per shipment.
- 6.6.3 Traders also have the option of providing an Output Declaration summary form, generated by the Better Cotton Tracer, electronically, which summarises a set of transactions per customer between a defined range of dates.
- 6.6.4 Only BCI Registered Member traders have the right to use the BCI logo to identify Better Cotton bales. Traders who are not Registered Members of BCI do not have the right to use the BCI logo to identify Better Cotton bales.

<sup>14</sup> As per the MBa CoC, traders can replace Better Cotton bales with conventional cotton bales as long as they originate from the same country. This field should be used to indicate the volume of Better Cotton that has been replaced with conventional cotton.

## 6.7 Outsourcing

- 6.7.1 If a trader, wishing to buy or sell lint Better Cotton, outsources activities to a subcontractor or independent organisation (e.g. subcontractors for transport and storage) then the trader ensures that the subcontractor or independent organisation complies with the intent and requirements of the *Better Cotton CoC Guidelines*.
- 6.7.2 In the case of the use of third parties, all reporting on the Better Cotton Tracer regarding Better Cotton purchases and sales are the responsibility of the ginner who has outsourced the activity.
- 6.7.3 The trader ensures that the subcontractor or independent organisation is willing to provide unrestricted access to their operations and systems.
- 6.7.4 The trader records the names and details of all subcontractors or independent organisations that the trader outsources work to.
- 6.7.5 Parties to whom work may be outsourced do not have the right to use Better Cotton Claim Units. These claims are only allowed for use by the actor who has outsourced the activity.

## 6.8 Penalties

- 6.8.1 Traders are subject to the following penalties should they purposefully misuse or breach the rules of the Better Cotton Traceability System and the *Better Cotton CoC Guidelines*.
- 6.8.2 These penalties are defined in addition to the conditions of the *BCI Membership Code of Practice*. Where the actor in question is a BCI member, both documents apply.
- 6.8.3 Traders are required to use the Better Cotton Tracer in order to make a claim regarding their Better Cotton procurement. As such, specific penalties apply to this category of supply chain actor. Penalties include –
- » First misuse – Temporary suspension of access to Better Cotton Tracer account.
  - » Second misuse – Temporary suspension of access to Better Cotton Tracer and formal warnings to the trader and to customers.
  - » Repeated misuse (more than two or gross) –
    - Permanent closure of the Better Cotton Tracer account and formal notice to customers.
    - Withdrawal of membership and all associated privileges (up to a maximum of 2 years or permanently depending of severity of misconduct).
- 6.8.4 Supply chain actors may refer to the BCI Grievance Procedure in case of any disagreements with application of penalties.

## 6.9 Claims

- 6.9.1 Traders only make claims in compliance with the [Better Cotton Claims Framework](#).

# 7.0 Spinners

## 7.1 Documented procedures, training and responsibilities

- 7.1.1 The spinner maintains written procedures covering the requirements of the *Better Cotton CoC Guidelines*.<sup>15</sup>
- 7.1.2 The spinner keeps a copy of the *Better Cotton CoC Guidelines* and *Better Cotton Traceability System User Manual* (Better Cotton Tracer) on each of the premises from which Better Cotton products are produced/ traded from (a soft copy is acceptable).
- 7.1.3 The spinner identifies the persons responsible for implementing each procedure and ensures that they have adequate training<sup>16</sup> and the qualifications to implement the procedure.
- 7.1.4 The spinner appoints a management representative with overall responsibility for the implementation of the Better Cotton CoC and recording of all relevant data on the Better Cotton Tracer<sup>17</sup>.

<sup>15</sup> The detail in the procedures may vary in accordance with the size and complexity of the organisation

<sup>16</sup> The level and structure of the training will depend upon the size and complexity of the organisation. Training may include BCI training provided for Registered supplier and manufacturer members.

<sup>17</sup> All user details (three per company) captured on the Better Cotton Tracer can be edited by the BCI on request e.g. change in staff due to turnover, additional trained staff etc.

<sup>18</sup> As per the MBa CoC, traders can substitute Better Cotton bales with conventional cotton bales as long as they originate from the same country. This field should be used to indicate the volume of Better Cotton that has been substituted with conventional cotton.

## 7.2 Records

- 7.2.1 The spinner implements a record keeping system (CoC System) to maintain complete and up-to-date records covering all aspects of the Better Cotton CoC.
- 7.2.2 Records must be retained for at least five (5) years and open for verification by BCI in line with the *BCI Membership Code of Practice* (soft copy is acceptable).

## 7.3 Material input records

- 7.3.1 The spinner ensures that an *Output Declaration* containing all relevant information accompanies the lint Better Cotton when received from ginners/ traders.
- 7.3.2 This should include –
- » Name and address of the seller and buyer
  - » Date of declaration
  - » Volume lint cotton (net weight in kilos)
  - » Number of bales
  - » Description of the product (quality parameters)
  - » Origin of lint Better Cotton (trader code and country of lint)
  - » Type of cotton: CmiA-BC or BC
  - » Volume of Better Cotton substituted<sup>18</sup>
- 7.3.3 The spinner checks that the Output Declaration received from gins/traders is accurate to the best of his/her knowledge before entering this information on the Better Cotton Tracer.
- 7.3.4 The spinner ensures that the quantity of lint Better Cotton received is in compliance with the supplied documentation before it is recorded on the Better Cotton Tracer.
- 7.3.5 The spinner ensures that there is a mechanism for handling non-conforming material/documents. In an instance where non-conformity is identified, BCI will take appropriate action in line with the *BCI Membership Code of Practice* including application of penalties and associated dispute resolution mechanisms.

## 7.4 Material output records

- 7.4.1 The spinner ensures that yarn with allocated Better Cotton Claim Units is accompanied by an Output Declaration generated via the Better Cotton Tracer. This should include –
- » Name and address of the seller and buyer
  - » Date of declaration
  - » Volume of lint cotton (consumed to make the yarn, net weight in kilos)
  - » Volume of yarn (net weight in kilos)
  - » Description of the product (quality parameters)
  - » Country of origin of yarn (spinner code and country of site location)
  - » Countries of origin of physical cotton<sup>19</sup>
- 7.4.2 If a spinner is making sales of cotton lint, the Output Declaration requirements in section 6.4.1 apply.
- 7.4.3 In case of blending with non-cotton fibre, or when waste material is used only the Better Cotton data allocated to the yarn should be declared e.g. if a spinner is spinning yarn which is 50 kilos cotton and 50 kilos viscose then the spinner should only use 50 Better Cotton Claim Units towards that particular yarn shipment. Similarly in case a spinner is spinning a yarn with 40 kilos waste (combrenoil etc.) and 60 kilos virgin cotton then the spinner should use only 60 Better Cotton Claim Units towards that particular yarn shipment.
- 7.4.4 The spinner also provides any additional relevant transport documentation to the next supply chain actor.

## 7.5 Better Cotton Traceability System (Better Cotton Tracer)

- 7.5.1 The Better Cotton Tracer generates a unique spinner code for each spinner.
- 7.5.2 In the case of spinners who are also traders, two separate accounts are maintained on the Better Cotton Tracer with different functionalities as per the requirements of the *Better Cotton CoC Guidelines*.
- 7.5.3 The spinner ensures that the quantity of Better Cotton inputs and outputs (by weight) is monitored and updated on a real-time basis.
- 7.5.4 The spinner ensures that the percentage loss during processing is accurately calculated, documented and recorded in the spinner's data management system.
- 7.5.5 The spinner enters the required information on the Better Cotton Tracer in real time.
- 7.5.6 Lint Better Cotton volumes are valid from the time at which they are entered into the Better Cotton Tracer. These volumes remain valid until they are claimed by buyers or declared as sold by spinners.

## 7.6 Physical Better Cotton

- 7.6.1 Spinners may substitute physical Better Cotton lint with any conventional cotton lint e.g. a spinner that has procured ten kilos Better Cotton lint from gins/ traders and sold them without making a Better Cotton claim, may at a later date apply the ten BCCU to ANY yarn and meet the demand for Better Cotton products.
- 7.6.2 Spinners may receive cotton lint that has BCCUs allocated to it (e.g. substituted bales from traders) but contains no Better Cotton. They may pass on the corresponding lint equivalent claim e.g. a spinner who has procured ten kilos lint (replaced by a trader with conventional) may apply the ten BCCUs to ANY yarn and meet the demand for Better Cotton products.

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<sup>19</sup> As per the administrative MBa CoC Guidelines, the spinner is not obliged to use physical Better Cotton in the production of Better Cotton products. Therefore, the indication of actual cotton origin relates to physical volumes used i.e. if a spinner procures ten kilos of physical Better Cotton from Mali, and uses ten kilos of conventional cotton from the US to meet customer demand, then the ten Mali Better Cotton Claim Units may be allocated to the products containing the US cotton. But the use of US cotton must be indicated on the Output Declaration.

- 7.6.3 Spinners are required to identify shipments of Better Cotton products (with allocated BCCUs, not necessarily physical content) with an Output Declaration generated via the Better Cotton Tracer per shipment.
- 7.6.4 Spinners also have the option of providing an Output Declaration summary form, generated by the Better Cotton Tracer, electronically, which summarises a set of transactions per customer between a defined range of dates.
- 7.6.5 Spinner members may make use of the BCI logo to identify any Better Cotton products (with allocated BCCUs, not necessarily physical content) in line with the [Better Cotton Claims Framework](#).
- 7.6.6 Non-members may not make use of the BCI logo to identify any Better Cotton products (with allocated BCCUs, not necessarily physical content)

## 7.7 Outsourcing

- 7.7.1 If a spinner, wishing to buy lint Better Cotton or sell Better Cotton products, outsources activities to a subcontractor or independent organisation (e.g. subcontractors for transport and storage) then the spinner ensures that the subcontractor or independent organisation complies with the intent and requirements of the *Better Cotton CoC Guidelines*.
- 7.7.2 In the case of the use of third parties, all reporting on the Better Cotton Tracer regarding Better Cotton purchases and sales is the responsibility of the ginner who has outsourced the activity.
- 7.7.3 The spinner ensures that the subcontractor or independent organisation is willing to provide unrestricted access to their operations and systems.
- 7.7.4 The spinner records the names and details of all subcontractors or independent organisations that the spinner outsources work to.
- 7.7.5 Parties to whom work may be outsourced do not have the right to use Better Cotton Claim Units. These claims are only allowed for use by the actor who has outsourced the activity.

## 7.8 Penalties

- 7.8.1 Spinners are subject to the following penalties should they purposefully misuse or breach the rules of the Better Cotton Traceability System and the *Better Cotton CoC Guidelines*.
- 7.8.2 These penalties are defined in addition to the conditions of the *BCI Membership Code of Practice*. Where the actor in question is a BCI member, both documents apply.

7.8.3 Spinners are required to use the Better Cotton Tracer in order to make a claim regarding their Better Cotton procurement. As such, specific penalties apply to this category of supply chain actor. Penalties include –

- » First misuse – Temporary suspension of access to Better Cotton Tracer account.
- » Second misuse – Temporary suspension of access to Better Cotton Tracer and formal warnings to the spinner and to customers.
- » Repeated misuse (more than two or gross) –
  - Permanent closure of the Better Cotton Tracer account and formal notice to customers.
  - Withdrawal of membership and all associated privileges (up to a maximum of 2 years or permanently, depending on the severity of the misconduct.)

7.8.4 Spinners may refer to the BCI Grievance Procedure in case of any disagreements with the application of penalties.

## 7.9 Claims

7.9.1 Spinners only make claims in compliance with the [Better Cotton Claims Framework](#).

## 8.0 All other supply chain actors (between spinner and retailer)

### 8.1 Documented procedures, training and responsibilities

- 8.1.1 The supply chain actor maintains written procedures covering the requirements of the *Better Cotton CoC Guidelines*.<sup>20</sup>
- 8.1.2 The supply chain actor keeps a copy of the *Better Cotton CoC Guidelines* on each of the premises from which Better Cotton products are produced/ traded (a soft copy is acceptable).
- 8.1.3 The supply chain actor identifies the persons responsible for implementing each procedure and ensures that they have adequate training<sup>21</sup> and the qualifications to implement the procedure.
- 8.1.4 The supply chain actor appoints a management representative with overall responsibility for the implementation of the Better Cotton CoC.

<sup>20</sup> The detail in the procedures may vary in accordance with the size and complexity of the organisation.

<sup>21</sup> The level and structure of the training will depend upon the size and complexity of the organisation. Training may include BCI training provided for Registered supplier and manufacturer members.

<sup>22</sup> As per the administrative Mass-Balance Guidelines, the supply chain actor is not obliged to use physical Better Cotton in the production of Better Cotton products. Therefore, the indication of actual cotton origin relates to physical volumes used i.e. if a spinner procures ten kilos of physical Better Cotton from Mali, and substitutes ten kilos of conventional cotton from the US to meet customer demand, then the ten Mali Better Cotton Claim Units may be allocated to the products containing the US cotton. But the use of US cotton must be indicated in the Output Declaration.

### 8.2 Records

- 8.2.1 The supply chain actor implements a record keeping system to maintain complete and up-to-date records covering all aspects of the Better Cotton CoC.
- 8.2.2 Records must be retained for at least five (5) years and open for verification by BCI (soft copy is acceptable).

### 8.3 Material input records

- 8.3.1 The supply chain actor ensures that the yarn with allocated BCCUs received is accompanied by an *Output Declaration*. This should include –
- » Name and address of the seller and buyer
  - » Date of declaration
  - » Volume of lint cotton (consumed to make the yarn, net weight in kilos)
  - » Volume of yarn (net weight in kilos)
  - » Description of the product (quality parameters)
  - » Origin of cotton (spinner code and country of site location)
  - » Origin of physical cotton<sup>22</sup>
- 8.3.2 The supply chain actor checks that the Output Declaration received from spinners/ other supply chain actor is accurate to the best of his/her knowledge.
- 8.3.3 The supply chain actor ensures that the quantity of yarn received is in compliance with the supplied documentation.
- 8.3.4 The supply chain actor ensures that there is a mechanism for handling non-conforming material/documents. In an instance where non-conformity is identified, BCI will take appropriate action in line with the *BCI Membership Code of Practice* including application of penalties and associated dispute resolution mechanisms.
- 8.3.5 Non-members are not liable under the *BCI Membership Code of Practice*. Any liability arising from false declarations will be the responsibility of the supply chain actor involved.

## 8.4 Material output records

- 8.4.1 The supply chain actor ensures that all Better Cotton products with allocated Better Cotton Claim Units are accompanied by an Output Declaration. This should include –
- » Name and address of the seller and buyer
  - » Date of declaration
  - » Volume of lint cotton (net weight in kilos)
  - » Description of the product
  - » Spinner code (from spinner Output Declaration)
- 8.4.2 The supply chain actor concerned also provides any additional relevant transport documentation to the next supply chain actor.

## 8.5 BCI Traceability System

- 8.5.1 Supply chain actors between spinner and retailer are not required to use the Better Cotton Traceability System.

## 8.6 Physical Better Cotton

- 8.6.1 Supply chain actors may receive products (yarn, fabric etc.) that are allocated to Better Cotton Claim Units but contain no Better Cotton. They may pass on the corresponding lint equivalent claim e.g. a fabric manufacturer that has procured yarn using ten BCCUs and substituted it for a non-Better Cotton order, may at a later date apply the ten BCCUs to ANY fabric and meet the demand for Better Cotton products.
- 8.6.2 Supply chain actors are required to identify shipments of Better Cotton products (with allocated Better Cotton Claim Units, not necessarily physical content) with an Output Declaration.
- 8.6.3 A supply chain actor who is a member of BCI may make use of the BCI logo to identify products with allocated Better Cotton Claim Units, in line with the [Better Cotton Claims Framework](#).
- 8.6.4 Non-members may not make use of the BCI logo to identify any Better Cotton products.

## 8.7 Outsourcing

- 8.7.1 If a supply chain actor, wishing to buy or sell Better Cotton products, outsources activities to a subcontractor or independent organisation (e.g. subcontractors for transport and storage) then the actor ensures that the subcontractor or independent organisation complies with the intent and requirements of the *Better Cotton CoC Guidelines*.
- 8.7.2 All reporting regarding Better Cotton claim allocation in the case of use of third parties is the responsibility of the supply chain actor outsourcing the activity.
- 8.7.3 The supply chain actor ensures that the subcontractor or independent organisation is willing to provide unrestricted access to their operations and systems.
- 8.7.4 The supply chain actor records the names and details of all subcontractors or independent organisations that the supply chain actor outsources work to.
- 8.7.5 Parties to whom work may be outsourced do not have the right to use Better Cotton Claim Units. These claims are for use by the customer outsourcing activities only.

## 8.8 Penalties

- 8.8.1 All supply chain actors between spinner and retailer are subject to the following penalties should they purposefully misuse or breach the rules of the Better Cotton Traceability System and the *Better Cotton CoC Guidelines*.
- 8.8.2 These penalties are defined in addition to the conditions of the *BCI Membership Code of Practice*. Where the actor in question is a BCI member, both documents apply.
- 8.8.3 All other supply chain actors are strongly encouraged to, but not required to sign up for BCI membership or use the Better Cotton Traceability System in order to make a claim regarding their Better Cotton procurement. As such, limited penalties apply to this category of supply chain actor. Penalties include –
- » Formal warnings to the supply chain actor and to customers (especially retailers).
  - » Restriction on joining membership and access associated privileges (fixed number of years).
- 8.8.4 Supply chain actors may refer to the BCI Grievance Procedure in case of any disagreements with the application of penalties.

## 8.9 Claims

- 8.9.1 Supply chain actors only make claims in compliance with the [Better Cotton Claims Framework](#).

## 9.0 Retailers and brands

### 9.1 Documented procedures, training and responsibilities

- 9.1.1 The retailer maintains written procedures covering the requirements of the *Better Cotton CoC Guidelines*.<sup>23</sup>
- 9.1.2 The retailer keeps a copy of the *Better Cotton CoC Guidelines* and *Better Cotton Traceability System User Manual* (Better Cotton Tracer) and is responsible for making it available to any of their offices/ premises on request (a soft copy is acceptable).
- 9.1.3 The retailer identifies the persons responsible for implementing each procedure and ensures that they have adequate training<sup>24</sup> and the qualifications to implement the procedure.
- 9.1.4 The retailer appoints a management representative with overall responsibility for the implementation of the Better Cotton CoC.

### 9.2 Records

- 9.2.1 The retailer implements a record keeping system (CoC System) to maintain complete and up-to-date records covering all aspects of the Better Cotton CoC.
- 9.2.2 Records must be retained by the entity (retailers/brands, holding company etc.) making declarations on the Better Cotton Tracer, for at least five years rolling from date of document (in any desired format examinable by BCI if required).

### 9.3 Material input records

- 9.3.1 The retailer ensures that the Better Cotton product received is accompanied by all relevant [Output Declaration](#) forms. This should include –
- » Name and address of the seller and buyer
  - » Date of shipment
  - » Volume of lint Better Cotton consumed (net weight in kilos)
  - » A description of the product delivered (e.g. yarn type, PO/lot number)
  - » Spinner ID
- 9.3.2 The retailer verifies that the Output Declaration received from spinners/ other supply chain actor is accurate to the best of his/her knowledge before entering this information on the Better Cotton Tracer.
- 9.3.3 The retailer ensures that the quantity of BCCUs received is in compliance with the supplied documentation.
- 9.3.4 The retailer ensures that there is a mechanism for handling non-conforming material/documents. In an instance where non-conformity is identified, BCI will take appropriate action in line with the *BCI Membership Code of Practice* including application of penalties and associated dispute resolution mechanisms.

### 9.4 Better Cotton Traceability System (Better Cotton Tracer)

- 9.4.1 The Better Cotton Tracer generates a unique retailer code for each retailer.
- 9.4.2 The retailer enters the required information into the Better Cotton Tracer on a quarterly basis.

<sup>23</sup> The detail in the procedures may vary in accordance with the size and complexity of the organisation

<sup>24</sup> The level and structure of the training will depend upon the size and complexity of the organisation. BCI will train a maximum of 3 nominated representatives of each retailer. A record of trained personnel per retailer is maintained by BCI.

- 9.4.3 Lint Better Cotton volumes are valid from the time that purchase orders placed by retailers are completed by suppliers and shipped to them.
- 9.4.4 These volumes are then entered on the Better Cotton Tracer. The volumes remain valid until such time as they are verified by BCI and invoiced.
- 9.4.5 Invoices based on lint Better Cotton volumes are generated annually at the end of January and August.

## 9.5 Outsourcing

- 9.5.1 If a retailer, wishing to buy or sell Better Cotton products, outsources activities to a subcontractor or independent organisation (e.g. subcontractors for transport and storage) then the retailer ensures that the subcontractor or independent organisation complies with the intent and requirements of the *Better Cotton CoC Guidelines*
- 9.5.2 The retailer ensures that the subcontractor or independent organisation is willing to provide unrestricted access to their operations and systems.
- 9.5.3 Parties to whom work may be outsourced do not have the right to use Better Cotton Claim Units. These claims are only for use by the actor outsourcing the activities.

## 9.6 Penalties

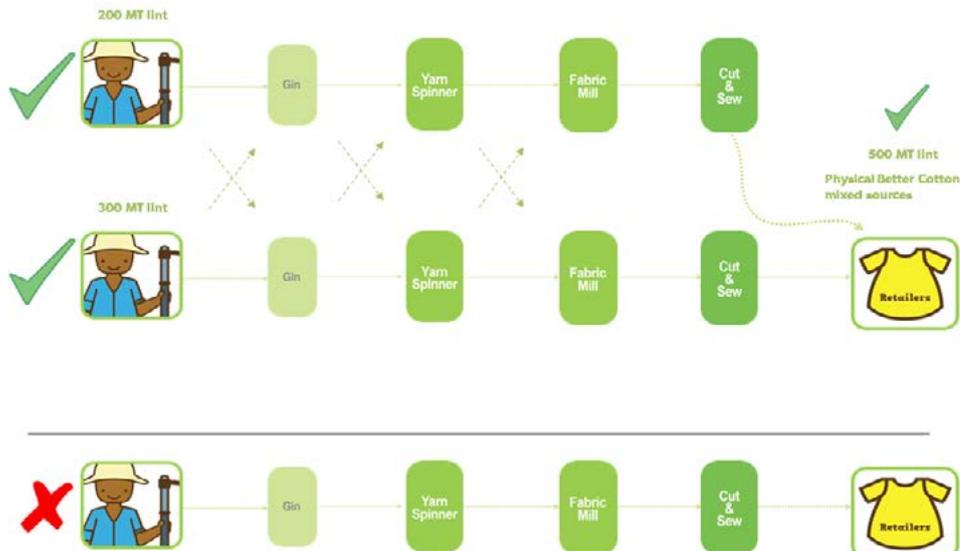
- 9.6.1 Retailers are subject to the following penalties should they purposefully misuse or breach the rules of the Better Cotton Traceability System and the *Better Cotton CoC Guidelines*.
- 9.6.2 These penalties are defined in addition to the conditions of the *BCI Membership Code of Practice*. Both documents are applicable to all BCI retailer members.
- 9.6.3 Retailers are required to use the Better Cotton Tracer in order to make a claim regarding their Better Cotton procurement. As such, specific penalties apply to this category of supply chain actor. Penalties include –
- » First misuse – Temporary suspension of access to Better Cotton Tracer account.
  - » Second misuse – Temporary suspension of access to Better Cotton Tracer and formal warning.
  - » Repeated misuse (more than two or gross) –
    - Permanent closure of the Better Cotton Tracer account.
    - Withdrawal of membership and all associated privileges (up to a maximum of 2 years or permanently depending of severity of misconduct).
- 9.6.4 Retailers may refer to the BCI Grievance Procedure in case of any disagreements with the application of penalties.

## 9.7 Claims

- 9.7.1 The retailer only makes claims in compliance with the [Better Cotton Claims Framework](#).

# Annex 1 – Segregation & Administrative Mass-Balance

## Segregation Chain of Custody:



- » Better Cotton and conventional cotton must be kept segregated at all times. BCI applies this CoC system only to ginners and domestic traders.
- » The claims about, and actual physical volumes out must match the volume of Better Cotton purchased by the ginner taking into account the turnout ratio.
- » All bales of Better Cotton must be 100% Better Cotton in composition.
- » This is a system of physical traceability. Actual amounts of physical Better Cotton must accompany any use claim.

## Administrative Mass-Balance Chain of Custody:



<sup>25</sup> This implies that in other commodity schemes, supply chain actors may deliver MBa products from negative inventories on a given day as long as in and out volumes match over a period of 1 year. For Better Cotton, supply chain actors may not deliver any MBa products from a negative inventory.

- » Better Cotton and conventional cotton may be substituted with each other. BCI applies this CoC system to all actors after ginner and up to and including retailers.
- » The claims about volumes out must match the volume of Better Cotton claim/data or physical product purchased by the supply chain actor.
- » This balance will be calculated continuously in the case of Better Cotton, but may be calculated over a period of time e.g. 1 year for other commodities<sup>25</sup>.
- » This is a system of administrative traceability. An actual amount of physical Better Cotton need not accompany Better Cotton use claims.

## Annex 2 – Output Declaration *SAMPLES*



### INDIVIDUAL TRANSACTION OUTPUT DECLARATION (Trader or spinner lint example)

Seller	Buyer
Name Address Country	Name Address Country
BCI ID Number <ID number>	BCI ID number <ID number>

#### Important - Please note

The transaction listed in this declaration is <transaction status>

#### Declaration

As the seller I declare that the transaction details provided below are accurate to the best of my knowledge. This data corresponds to actual transactions of physical cotton made between the seller and the buyer named above, and is in compliance with the *Better Cotton Chain of Custody Guidelines*.

Any misrepresentation or anomalies in data following confirmation of the transaction are the sole responsibility of the seller. The buyer does not assume any liability for false declarations.

Date of declaration (dd-mm-yy)	Type of cotton	Volume of lint cotton sold (kg)*	Number of bales	Country of origin	Volume of Better Cotton replaced (kg)*
03-02-13	BCI	98kg	200	USA	12kg

\*All volumes are expressed as net weight in kg



## SUMMARY OUTPUT DECLARATION (Trader or spinner lint example)

Seller	Buyer
Name Address Country	Name Address Country
BCI ID Number <ID number>	BCI ID number <ID number>

### Important - Please note

The transaction listed in this declaration is <transaction status>

### Declaration

As the seller I declare that the transaction details provided below are accurate to the best of my knowledge. This data corresponds to actual transactions of physical cotton made between the seller and the buyer named above, and is in compliance with the *Better Cotton Chain of Custody Guidelines*.

Any misrepresentation or anomalies in data following confirmation of the transaction are the sole responsibility of the seller. The buyer does not assume any liability for false declarations.

### Period from <start date> to <end date>

Total volume of Better Cotton declared (net weight in Kg) is <total net weight> kg

Date of declaration (dd-mm-yy)	Type of cotton	Volume of lint cotton sold (kg)*	Number of bales	Country of origin	Volume of Better Cotton replaced (kg)*
3-2-13	BCI	98kg	200	USA	67kg
16-2-13	CMIA	112kg	54	Burkina Faso	100kg
20-3-13	BCI	12kg	4	India	0kg
24-3-13	BCI	989kg	1074	Pakistan	566kg

\*All volumes are expressed as net weight in kg



## INDIVIDUAL TRANSACTION OUTPUT DECLARATION (Spinner yarn example)

Seller	Buyer
Name Address Country	Name Address Country
BCI ID Number <ID number>	BCI ID number <ID number>

### Important - Please note

The transaction listed in this declaration is <transaction status>

### Declaration

As the seller I declare that the transaction details provided below are accurate to the best of my knowledge. This data corresponds to actual transactions of physical cotton made between the seller and the buyer named above, and is in compliance with the *Better Cotton Chain of Custody Guidelines*.

Any misrepresentation or anomalies in data following confirmation of the transaction are the sole responsibility of the seller. The buyer does not assume any liability for false declarations.

Date of declaration (dd-mm-yy)	Type of cotton	Volume of yarn (kg)*	Volume of lint Better Cotton used to make yarn/BCCU applied (kg)*	Country of origin of yarn	Country of origin of physical cotton used
3-2-13	BCI	250kg	98kg	Turkey	India China Turkey

\*All volumes are expressed as net weight in kg



## SUMMARY OUTPUT DECLARATION (Spinner yarn example)

Seller	Buyer
Name Address Country	Name Address Country
BCI ID Number <ID number>	BCI ID number <ID number>

### Important - Please note

The transaction listed in this declaration is <transaction status>

### Declaration

As the seller I declare that the transaction details provided below are accurate to the best of my knowledge. This data corresponds to actual transactions of physical cotton made between the seller and the buyer named above, and is in compliance with the *Better Cotton Chain of Custody Guidelines*.

Any misrepresentation or anomalies in data following confirmation of the transaction are the sole responsibility of the seller. The buyer does not assume any liability for false declarations.

### Period from <start date> to <end date>

Total volume of Better Cotton declared (net weight in Kg) is <total net weight>kg

Date of declaration (dd-mm-yy)	Type of cotton	Volume of yarn (kg)*	Volume of lint Better Cotton used to make yarn/BCCU applied (kg)*	Country of origin of yarn	Country of origin of physical cotton used
3-2-13	BCI	98kg	250kg	Turkey	India China
16-2-13	CMIA	112kg	540kg	India	USA Australia Pakistan
20-3-13	BCI	12kg	44kg	India	India
24-3-13	BCI	989kg	1074kg	Pakistan	China USA

\*All volumes are expressed as net weight in kg



## INDIVIDUAL TRANSACTION OUTPUT DECLARATION (everyone else example)

Seller	Buyer
Name Address Country	Name Address Country

### Important - Please note

The transaction listed in this declaration is <transaction status>

### Declaration

As the seller I declare that the transaction details provided below are accurate to the best of my knowledge. This data corresponds to actual transactions of physical cotton products made between the seller and the buyer named above, and is in compliance with the *Better Cotton Chain of Custody Guidelines*.

Any misrepresentation or anomalies in data following confirmation of the transaction are the sole responsibility of the seller. The buyer does not assume any liability for false declarations.

Type of Product	Grey fabric, finished fabric, denim, garments, t-shirts, etc...
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Date of declaration (dd-mm-yy)	Type of cotton	Net Weight of shipment (kg)	Net Weight of lint Better Cotton used in this shipment/ BCCU applied (kg)	Country of origin of products	Country of origin of physical cotton used
3-2-13	BCI	250kg	98kg	Turkey	India China Turkey

\*All volumes are expressed as net weight in kg



## SUMMARY OUTPUT DECLARATION (everyone else example)

Seller	Buyer
Name Address Country	Name Address Country

### Declaration

As the seller I declare that the transaction details provided below are accurate to the best of my knowledge. This data corresponds to actual transactions of physical cotton products made between the seller and the buyer named above, and is in compliance with the *Better Cotton Chain of Custody Guidelines*.

Any misrepresentation or anomalies in data following confirmation of the transaction are the sole responsibility of the seller. The buyer does not assume any liability for false declarations.

### Period from <start date> to <end date>

Total volume of Better Cotton declared (net weight in Kg) is <total net weight>kg

Date of declaration (dd-mm-yy)	Type of cotton	Net Weight of Shipment (kg)*	Volume of lint Better Cotton used in this shipment/ BCCU applied (kg)*	Country of origin of products	Country of origin of physical cotton used in these products
3-2-13	BCI	98kg	250kg	Turkey	India China
16-2-13	CMIA	112kg	540kg	India	USA Australia Pakistan
20-3-13	BCI	12kg	44kg	India	India
24-3-13	BCI	989kg	1074kg	Pakistan	China USA

\*All volumes are expressed as net weight in kg



## INDIVIDUAL TRANSACTION OUTPUT DECLARATION (Retailer example)

Seller	Buyer
Name Address Country	Name Address Country
BCI ID Number <ID number>	BCI ID Number <ID number>

### Important - Please note

The transaction listed in this declaration is <transaction status>

### Declaration

As the buyer I declare that the transaction details provided below are accurate to the best of my knowledge. Any misrepresentation or anomalies in data are the sole responsibility of the buyer.

Date of declaration (dd-mm-yy)	Volume of Better Cotton declared as sourced from seller*
3-2-13	98kg

\*All volumes are expressed as net weight in kg