

Summary of Better Cotton Assurance Outcomes: Season 2020-21

Background

The Better Cotton Assurance model was revised with changes applicable to all Producers from season 2020-21. The main changes introduced in the programme from season 2020-21 include:

- One year set-up phase for new Producer Units and a readiness check conducted by Implementing Partners (IPs) before being put forward for licensing
- Standard duration of 3 years for all licenses
- Licensing Assessment required for all Producers due for licensing
- Surveillance Assessments on a percentage of valid license holders in year 2 or 3 of the license
- PU support visits conducted by IPs in year 2 or 3 of the license
- Concept of Incidental non-conformities broadened to the Large Farm context

In the United States, some Large Farms participate in the Better Cotton Standard System through a Large Farm Group Assurance model.

Details on the updated Assurance model and United States Group Assurance model can be found in the [Assurance Manual v4.2](#).

Glossary

The following terms are frequently used throughout this document.

| | |
|-----------------|--|
| 3PV | Third-Party Verifier. 3PV can refer to an approved third-party verifier organisation or a licensing assessment carried out by an approved third-party verifier. |
| IP | Implementing Partner. Better Cotton's IPs are organisations with local expertise who oversee the set-up and management of PUs under the Assurance model. |
| LA | Licensing Assessment. LAs are conducted on Producers due for licensing, either by trained Better Cotton assessors or by approved 3PVs. |
| LF | Large Farm. In the context of the Better Cotton Assurance model, an LF is characterised as a farm above 200 ha of cotton and that either uses mechanized production or is structurally dependent on permanent hired labour. |
| LP | Local Partner. LPs are local organisations engaged by IPs to implement field-level Better Cotton projects, organise and train farmers, and support with Assurance activities. |
| NC | Non-conformity. Non-conformity on a Principles and Criteria (P&C) core indicator. This can be Incidental or Systemic. |
| Producer | In the context of the Better Cotton Standard System, Producer refers to either an individual Large Farm or a Producer Unit (group) of Smallholders (SHs) or Medium Farms (MFs). Licences to sell Better Cotton are administered at the Producer level. |
| PU | Producer Unit. A group of SHs or MFs who participate in the Better Cotton programme through a group model. Each PU is overseen by a dedicated PU Manager and has an optimal size of 3,500 to 4,000 farmers (for SHs) and 100 farmers (for MFs). |
| SVA | Surveillance Assessment. SVAs are conducted on valid license holders, either by trained Better Cotton assessors or by approved 3PVs. |

Producers' Participation Summary

| Country | Set-up PU of SH | Participating PU of SH | Set-up PU of MF | Participating PU of MF | Participating LF |
|---------------|-----------------|------------------------|-----------------|------------------------|------------------|
| China | 1 | 24 | 0 | 0 | 0 |
| Egypt | 2 | 4 | 0 | 0 | 0 |
| India | 16 | 231 | 0 | 0 | 0 |
| Kazakhstan | 0 | 1 | 0 | 0 | 0 |
| Mali | 0 | 17 | 0 | 0 | 0 |
| Mozambique | 0 | 31 | 0 | 0 | 0 |
| Pakistan | 22 | 143 | 0 | 21 | 11 |
| South Africa | 0 | 1 | 0 | 5 | 7 |
| Tajikistan | 0 | 2 | 0 | 2 | 0 |
| Turkey | 0 | 1 | 0 | 10 | 9 |
| United States | 0 | 0 | 0 | 0 | 336 |
| Total | 41 | 455 | 0 | 38 | 363 |

Table 1: Each countries' PU and LF participation numbers, and the number of PUs in the set-up phase for the 2020-21 season.

Note 1: Participating Producers are Producers who engage in the Better Cotton activities from the beginning of the cotton season, including training and Capacity Building as well as Assurance operations.

Note 2: Under the Assurance model v4.2 , the concept of set-up phase does not apply to LFs.

Licenses Summary

| Country | License Status | | | Country Total |
|----------------------|----------------|------------------|-----------|---------------|
| | Active | Cancelled/Denied | Suspended | |
| China | 26 | 30 | 0 | 56 |
| Egypt | 4 | 0 | 0 | 4 |
| India | 223 | 25 | 0 | 248 |
| Kazakhstan | 1 | 0 | 0 | 1 |
| Madagascar | 0 | 1 | 0 | 1 |
| Mali | 15 | 3 | 0 | 18 |
| Mozambique | 30 | 3 | 0 | 33 |
| Pakistan | 167 | 6 | 2 | 175 |
| South Africa | 15 | 0 | 0 | 15 |
| Tajikistan | 4 | 0 | 0 | 4 |
| Turkey | 19 | 1 | 2 | 22 |
| United States | 337 | 20 | 6 | 363 |
| License Total | 841 | 89 | 10 | 940 |

Table 2: License statuses in each country for the 2020-21 season

Note 1: The only Madagascar Producer was not participating in season 2020-21. Therefore, Madagascar has been excluded from all tables and figures except Table 2, as the only active license in the country was cancelled in 2020-21.

Note 2: Licence cancellations in season 2020-21 in China relate largely to the termination of Implementing Partner agreements in western China, due to challenges with carrying out independent assurance activities

Note 2: License statuses indicate the following scenarios:

- 'Active' are licenses that were awarded in the season 2020-21 or awarded previously and retained as active in season 2020-21.
- 'Cancelled/Denied' include licences denied owing to Systemic non-conformities during licensing assessments, as well as licences that were cancelled owing to Producers not fulfilling early season requirements (e.g., Self-Assessment submission). Cancelled licences may also include active licences cancelled when an Implementing Partner agreement is not renewed.
- 'Suspended'¹ are licenses that were awarded and then cancelled for Producers that did not fulfil the 2019-20 end-of-season requirements (e.g., Results Indicator reporting) and so were suspended in season 2020-21.

¹ Licences may also be suspended for the following season if a licensing assessment is carried out late in the season (after licensing date) and the outcome is a Systemic non-conformity

Licensing Assessment and Surveillance Assessment Numbers

| Country | LA by IP | | LA and SVA by Better Cotton | | LA and SVA by 3PV | | Total Assessments | |
|---------------|-----------|-----------|-----------------------------|-----------|-------------------|-----------|-------------------|------------|
| | PU | LF | PU | LF | PU | LF | PU | LF |
| China | 0 | 0 | 9 | 0 | 6 | 0 | 15 | 0 |
| Egypt | 0 | - | 4 | - | 0 | - | 4 | - |
| India | 0 | - | 51 | - | 38 | - | 89 | - |
| Kazakhstan | 0 | - | 1 | - | 0 | - | 1 | - |
| Mali | 0 | - | 10 | - | 4 | - | 14 | - |
| Mozambique | 0 | - | 16 | - | 8 | - | 24 | - |
| Pakistan | 0 | 0 | 38 | 0 | 17 | 10 | 55 | 10 |
| South Africa | 0 | 0 | 3 | 0 | 1 | 2 | 4 | 2 |
| Tajikistan | 0 | - | 2 | - | 0 | - | 2 | - |
| Turkey | 0 | 0 | 3 | 0 | 3 | 8 | 6 | 8 |
| United States | - | 83 | - | 29 | - | 41 | - | 153 |
| Totals | 0 | 83 | 137 | 29 | 77 | 61 | 214 | 173 |
| | 83 | | 166 | | 138 | | 387 | |

Table 3: Number of LAs and SVAs for each country during the 2020-21 season

Note 1: The summary in Table 3 only concerns assessments conducted within the Better Cotton Standard System for Producers in Better Cotton direct countries. Additional verification was conducted within Better Cotton's benchmarked equivalent Standards System (CMIA in Africa, myBMP in Australia, ABR in Brazil, AGRO-2 in Greece and ICPSS in Israel), according to their own assurance processes.

Note 2: IP assessments are currently only performed for farms in the United States.

Note 3: '-' Has been used when a country has no participating PU or LF. See Table 1 for a breakdown PU and LF participation numbers for each country.

Licensing Assessment and Surveillance Assessment Outcomes

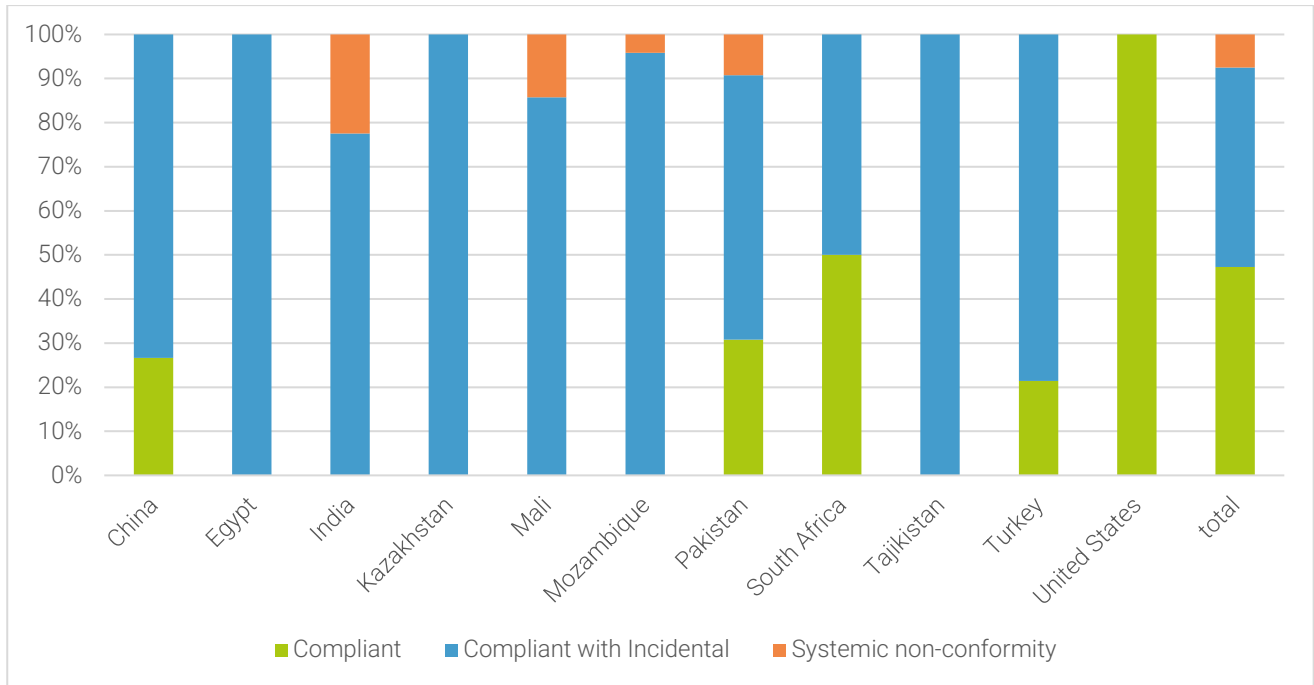


Figure 1: Assessment outcomes for each country in the 2020-21 season, displayed as a percentage

Note 1: Outcome of assessment values are determined as follows:

- Compliant is for assessments in which Producers were fully compliant with the P&C Core Indicators.
- Compliant with Incidental is for assessments in which Producers were found to have one or more Incidental non-conformities against the P&C Core Indicators.
- Systemic non-conformity is for assessments in which Producers were found to have one or more Systemic non-conformities against the P&C Core Indicators and/or when observed Incidental non-conformities were escalated to Systemic as they were recurrent from a previous assessment.

Average Non-Conformities per Assessment, by Country

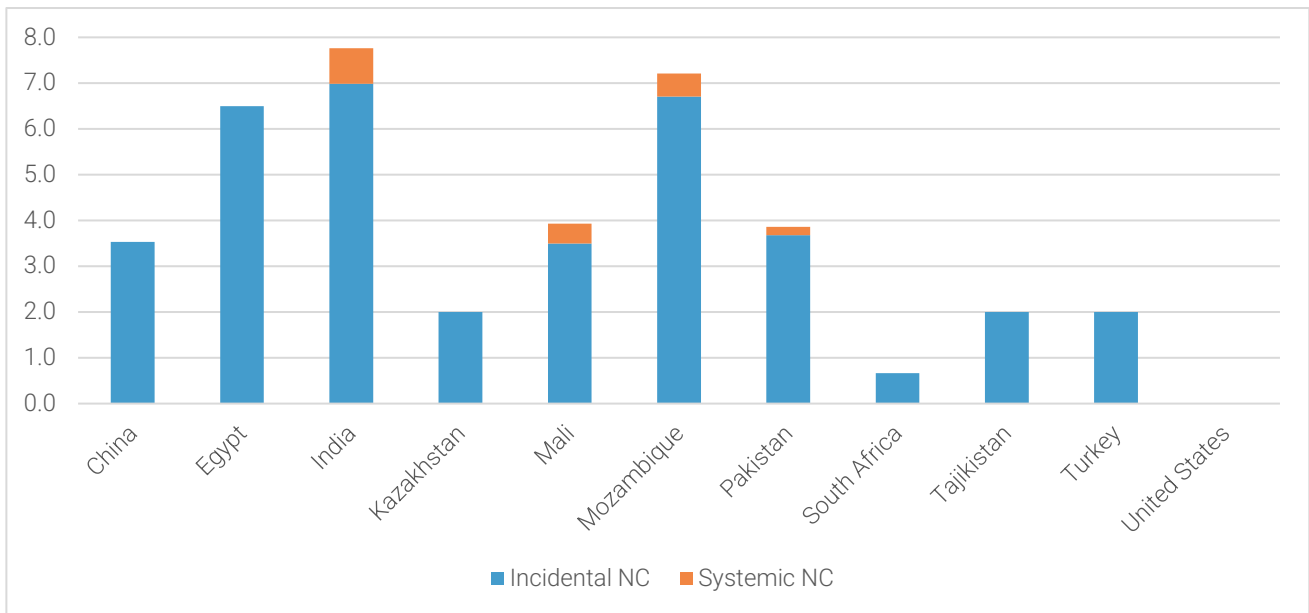


Figure 2: Average number of Incidental and Systemic non-conformities identified during assessments for each country during the 2020-21 season²

Note 1: Non-conformities identified during LAs and SVAs are graded as either Incidental or Systemic. See the Assurance Manual v4.2 section 19.1.1 for more information on Incidental and Systemic non-conformities.

² No non-conformities were identified for farms in the United States for the 2020-21 season. See Table 3 for the number of farms in the United States that had an assessment during the 2020-21 season.

Frequent Non-Conformities

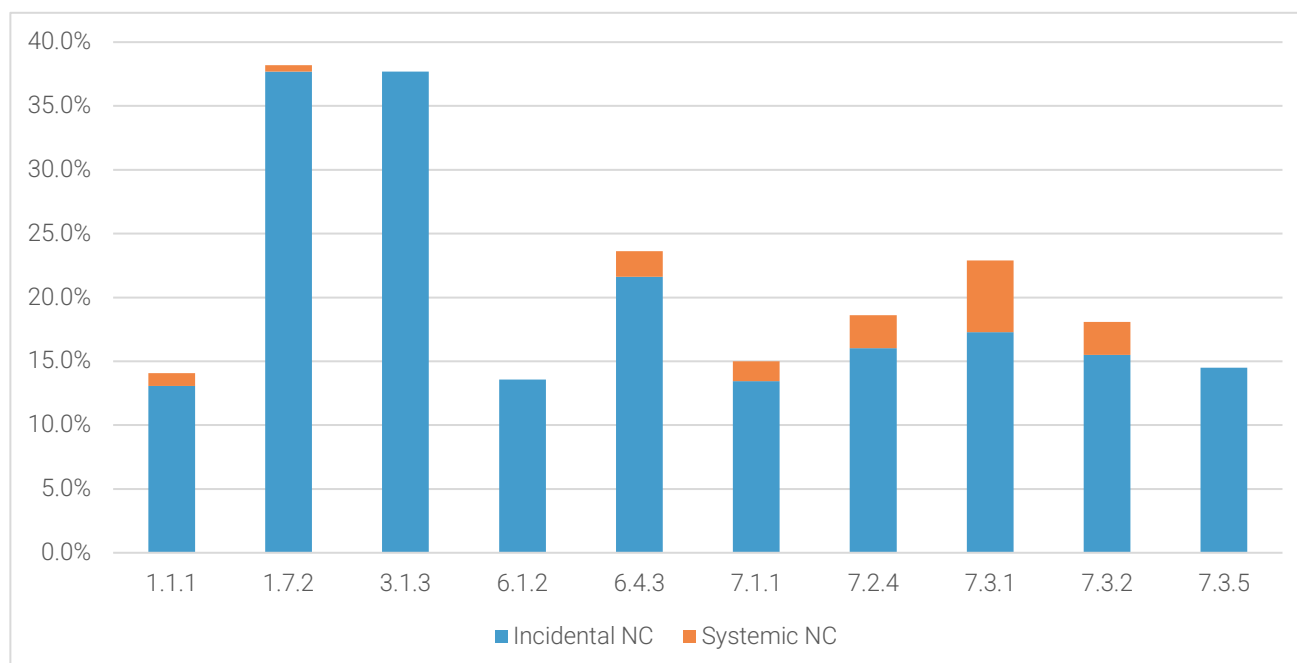


Figure 3: Top 10 Core Indicators with the highest percentage of non-conformities (Incidental and Systemic) identified during assessments in the 2020-21 season.

| Principle | Indicator | Definition |
|------------------------------|-----------|---|
| Principle 1: Crop Protection | 1.1.1 | A locally adapted and time-bound plan, based on agro-ecosystem analysis, and which identifies appropriate specific practices to implement the five components of Integrated Pest Management, is established. |
| | 1.7.2 | Minimum Personal Protective Equipment is worn while preparing and applying pesticides [...]. |
| Principle 3: Soil Health | 3.1.3 | Soil testing is conducted that includes NPK and pH analysis [...]. |
| Principle 6: Decent Work | 6.1.2 | The Producer has a time-bound plan for the prevention of child labour in accordance with ILO Convention 138. |
| | 6.4.3 | The Producer Unit has a time-bound plan to improve the position of disadvantaged groups. |
| Principle 7: Management | 7.1.1 | A continuous Improvement Plan is available, implemented and monitored according to the applicable Better Cotton Initiative Continuous Improvement planning process, and reviewed annually. |
| | 7.2.4 | The Producer operates a system to: i. Assess and document the level of adoption [...]. |
| | 7.3.1 | The producer collects and maintains accurate and complete Producer Unit data in the format required by the Better Cotton Initiative [...]. |
| | 7.3.2 | The Producer maintains a farm-level record keeping mechanism e.g., farmer Field Book for essential production data on inputs and outputs in an accurate manner. |
| | 7.3.5 | The Producer ensures that all farmers within the Producer Unit maintain receipts of sales of Better Cotton, including the buyer name, date, and volume, for at least one year and is able to collect and submit these sale records to BCI upon request. |

Table 4: The top 10 Core Indicators, as indicated in Figure 3, and their definition.

Note 1: The Better Cotton P&C includes seven Principles covering the most significant global sustainability issues associated with cotton production. The seven Better Cotton Principles are further defined through 42 criteria and a subset of 164 indicators. Detailed information for each indicator can be found in the Better Cotton P&C document, with definitions for the 10 indicators with the highest rate of non-conformities in the 2020-21 season in Table 4 above.