



Chain of Custody Standard

Implementation Guidance for Ginners

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Title

Better Cotton Chain of Custody Standard Implementation Guidance for Ginners v.1.0

Standard Effective Date

The Chain of Custody Standard was approved by the Better Cotton Council on 7 February 2023
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Translation Accuracy

The official language of this document is English. In case of any inconsistency between versions due to translation, please refer to the English version. While translations to other languages will be provided, Better Cotton assumes no liability for errors or misunderstandings due to translation.

Any Questions or Inputs?

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Disclaimer

Following this implementation guidance document does not ensure compliance with the Chain of Custody Standard.

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About

The Better Cotton Chain of Custody Standard (CoC) Implementation Guidance has been developed as a resource to support consistent implementation of the Better Cotton CoC Standard v1.0.

Better Cotton has created three distinct CoC guidance documents tailored to specific stages of the supply chain, ensuring that guidance remains relevant and useful to stakeholders:

- Better Cotton Chain of Custody Standard Implementation Guidance for **Ginners**

- Better Cotton Chain of Custody Standard Implementation Guidance for **Traders and Distributors**
 - Lint traders
 - Non-lint traders
 - Sourcing agents / distributors

- Better Cotton Chain of Custody Standard Implementation Guidance for **Suppliers and Manufacturers**
 - Spinners
 - Integrated Spinners
 - Vertically Integrated Spinners
 - Fabric Makers
 - Vertically Integrated Mills
 - End Product Manufacturers

The BCP User Manuals and Guidance for Retailers and Brands will sit as separate documents.

Better Cotton reserves the right to revise guidance based on implementation, learnings and emerging good practice. Please visit www.bettercotton.org to verify that this document is the most recent version.

How to Use This Document

In this document, requirements from the CoC Standard v1.0 are annotated with boxes that contain the following information:

- Definitions
- Requirement context/purpose
- Tips for implementation
- Examples

Please note that for conciseness, requirements that are not relevant to ginners are not included in this implementation guidance document. Please reference the Chain of Custody Standard for the full list of requirements.

1. Introduction

1.1 Applicability

The Better Cotton CoC Standard requirements are applicable globally for all supply chain organisations that are buying or selling physical Better Cotton or fulfilling Better Cotton Mass Balance orders. These include (but are not limited to) middlemen and markets for raw seed cotton, ginners, merchants, lint traders, mills with spinning capabilities, mills or suppliers without spinning capabilities (including fabric mills, dyeing mills, yarn and/or fabric traders, vertical mills), end-product manufacturers, sourcing agents, and retailers and brands with their own manufacturing capabilities. Organisations shall include sub-contracted (outsourced) activities within their verification scope where applicable.

For the purposes of this document, a middleman is an individual or organisation buying seed cotton from farmers and selling it to ginners.

This may include, but is not limited to:

- **Seed cotton traders** – an individual or organisation who purchases seed cotton from farmers and sells it to ginners. Seed cotton traders take custody and legal ownership of cotton product.
- **Seed cotton market** – a market whereby farmers sell seed cotton to ginners or intermediaries, and where ginners and intermediaries can purchase seed cotton from farmers.

This definition does not include agents or brokers, who facilitate trade between farmers and ginners but do not take physical custody of seed cotton.

Better Cotton has developed materials to support ginners with the engagement and training of middlemen. Please contact your primary contact at Better Cotton or email compliance@bettercotton.org for more information.

The Better Cotton CoC Standard applies to products containing physical virgin cotton produced in accordance with the Better Cotton Principles and Criteria and equivalent schemes, and cotton containing products sourced as Mass Balance orders. At this time, materials that are produced as by-products of manufacturing processes, and any form of reusable waste (such as comber noils) may not be sold with a physical Better Cotton claim.

Better Cotton reserves the right to reject any application to the CoC programme. Organisations have the option to appeal any decision made because of an assessment or monitoring activity, and complaints received shall be handled as per the Better Cotton Complaints Policy.

The process by which organisations can apply to enter the CoC programme can be found on the Chain of Custody section of the Better Cotton website.

Better Cotton recognises that in some exceptional circumstances, a requirement may not be relevant or applicable in a specific context. In addition, Better Cotton Supply Chain Actors may at times be faced with unexpected or structural circumstances which prevent full compliance. To account for these situations, Better Cotton has a derogation process. Better Cotton maintains a list of derogations applicable to the CoC Standard, which are available here: <https://bettercotton.org>.

Where an organisation is unable to comply with a requirement of the CoC Standard, they may contact Better Cotton to request a derogation. Organisations should provide clear rationale and evidence to support this request. It is at Better Cotton’s discretion whether to issue derogations.

Request for derogations should be addressed to compliance@bettercotton.org

1.2 CoC Model Definitions

Chain of Custody is the documented path taken by products from the Better Cotton licensed farm to the point where the product is sold with a Better Cotton claim. The Chain of Custody scope includes each stage of sourcing, processing, trading, and distribution where progress to the next stage in the supply chain involves a change of ownership or custody.

- 1.2.4 Segregation (Single Country)** requires separation of physical Better Cotton and conventional cotton from farm level onwards, and does not allow mixing or substitution between physical Better Cotton of different origins and conventional cotton of any origin, throughout the supply chain. All organisations applying this model shall ensure that physical Better Cotton material from a single country is kept physically separate from all other cotton sources, including material from different Better Cotton production countries.

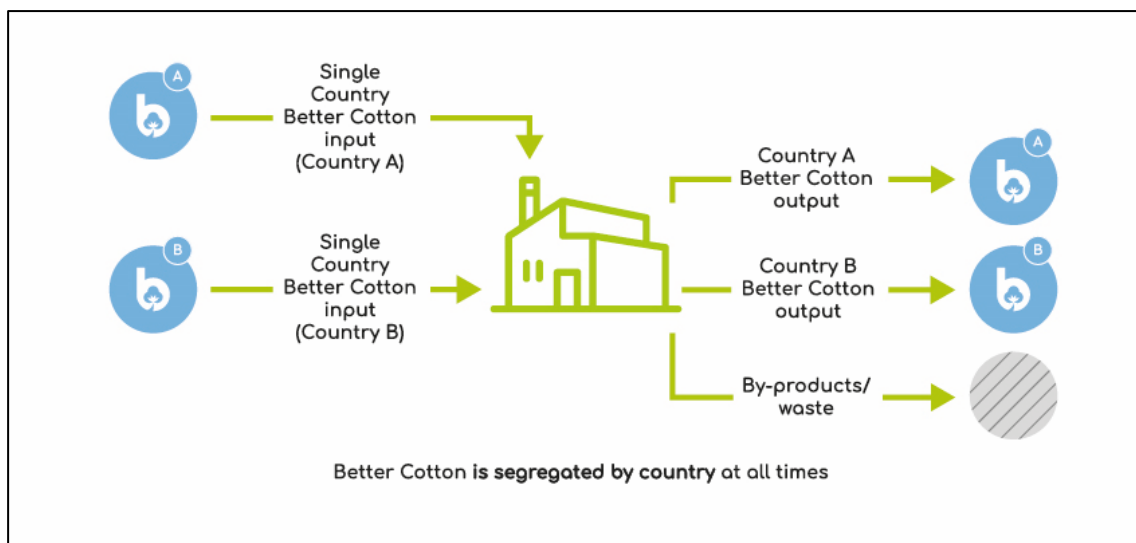


Figure 4 - Representation of the Segregation (Single Country) CoC model

All ginners should apply the **Segregation (Single Country) CoC model**.

For the purposes of the CoC Standard and implementation guidance, conventional cotton refers to any cotton that was not produced by licensed Better Cotton Farmers according to the Better Cotton Principles and Criteria, or farmers in adherence to standards recognised by Better Cotton. This definition of conventional cotton includes organic, recycled, regenerative, and other types of preferred cotton.

Find out where Better Cotton is grown here: <https://bettercotton.org/where-is-better-cotton-grown/>

1.3 CoC Model Supply Chain Application

Segregation (Single Country) is applicable at the farm and ginner level of the supply chain. Segregation (Single Country) and Mass Balance are applicable at the raw cotton trader level of the supply chain. For the rest of the supply chain all CoC supply chain models, or a combination of CoC supply chain models are possible, including the existing Mass Balance model. Better Cotton Retailer and Brand members may source all CoC models.

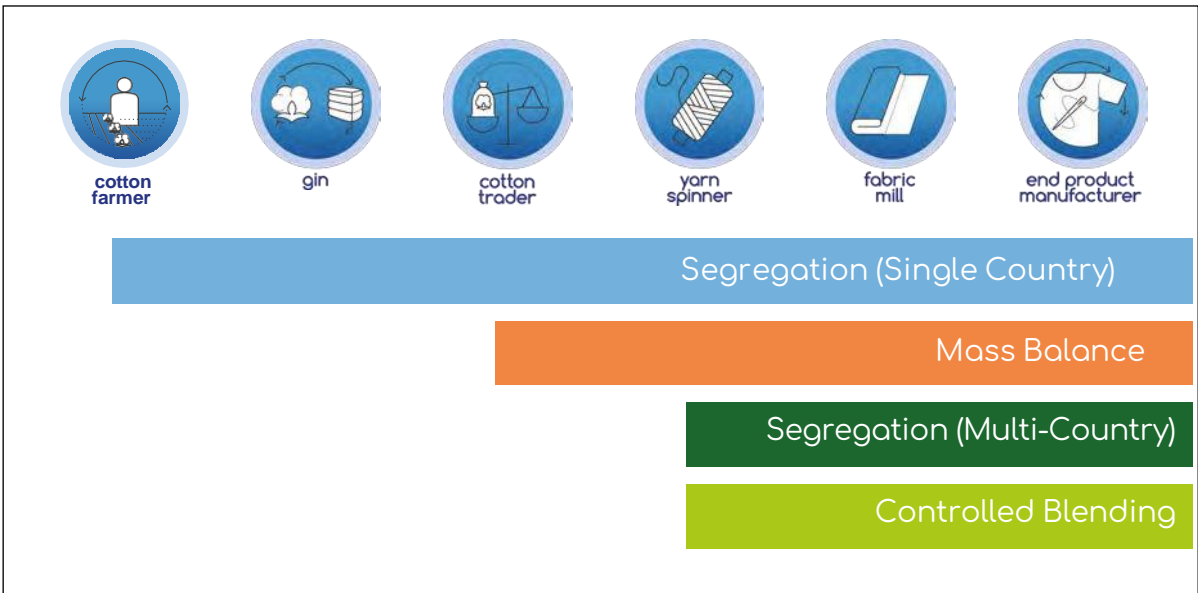


Figure 5 - Application of the different CoC models by supplier type

Please refer to the Better Cotton Claims Framework for details on the claims that can be made when sourcing or selling products associated with Better Cotton Claims.

Guidance for use of Better Cotton claims is located in the Better Cotton Claims Framework. The Claims Framework for physical Better Cotton is due to be published in 2024. Please visit www.bettercotton.org to locate the most up to date version.

1.4 Scope of CoC Implementation

- 1.4.1** At each stage of the supply chain the organisation shall implement the applicable CoC supply chain model(s) at site level. The CoC requirements and data will be maintained at each site owned by the organisation, for all applicable CoC models, including Mass Balance.

A site is defined as a single functional unit of an organisation, or a combination of units situated at one locality, where a supply chain organisation carries out production or processing. Organisations may have multiple sites.

IMPORTANT: All sites involved in the CoC for physical Better Cotton shall be registered separately with Better Cotton. This means each site will have to fill out a registration form and will be provided BCP account access at site level. It is the responsibility of the organisation to register each site with Better Cotton separately. Representing multiple sites as a single site may result in suspension from the programme. This includes scenarios where multiple organisations operate out of the same site.

- 1.4.2** Agents and/or Brokers operating within the supply chain who do not take physical possession of Better Cotton are not required to be verified against relevant requirements under the CoC Standard provided all of the following conditions are met:

An agent is an organisation and / or legal entity that facilitates trade between buyers and sellers but does not take physical ownership of a product. This definition excludes middlemen, who buy Better Cotton from farmers and sell to ginners.

- a. Their upstream supplier is verified to the CoC Standard.

An upstream supplier refers to a company or entity that provides goods, materials, or services to another company in the supply chain. It is the organisations direct supplier.

Example: a farmer is the upstream supplier of a ginner.

A downstream supplier refers to a company or entity that directly purchases goods, materials, or services from an upstream supplier. They are the direct customer of supplied goods.

Example: a spinner is the downstream supplier of a ginner.

- b. Information is provided to the Agent's and/or Broker's customer and Better Cotton as to the identity of the upstream supplier and the applicable CoC supply chain model.
- c. Materials are shipped directly from the Agent's and/or Broker's upstream supplier to the Agent's and/or Broker's customer and recorded on the BCP.
- d. The Agent and/or Broker is not using outsourced contractors for any manufacturing or processing activity.
- e. In the case of Segregation (Single Country), transaction information regarding the Country of Origin is also provided to the Agent's and/or Broker's customer.

1.4.3 Agents and/or Brokers may choose to become verified to the Better Cotton CoC Standard even if they meet all the conditions in 1.4.2.

1.4.5 An organisation can determine the scope of their verification to exclude processes and products which do not meet the requirements of this CoC Standard. Excluded processes and products shall not be associated with Better Cotton claims.

Examples of excluded processes and products may include:

- Conventional cotton products that do not contain Better Cotton
- Non-cotton products
- Additional processing that happens at the site's facilities that is not within scope of verification, such as where a facility is shared by two or more organisations, and only one organisation is seeking verification against the CoC Standard.

The organisation should communicate to third-party assessors about excluded processes or products in written form prior to the assessment, or verbally during the assessment.

Better Cotton Platform

The Better Cotton Platform (BCP) is a centralised digital tracking system owned by Better Cotton, and used by manufacturers, suppliers, retailers and brands to document and make claims about their Better Cotton sourcing activities and sourced volumes. In line with Better Cotton's Traceability Programme strategy, the BCP will be upgraded in 2023 to accommodate the new physical CoC models.

For physical Better Cotton, the conversion factor of a given process is automatically calculated based on input and output volumes, and is presented as a read only value. The BCP will check whether the conversion factor is within an expected range, as defined by Better Cotton. For Mass Balance orders, the BCP utilises standardised conversion factors, based on product type and process.

Use of the BCP is mandatory for all Better Cotton transactions, whether physical or Mass Balance. All organisations using the Better Cotton Platform shall be required to sign the Better Cotton Platform (BCP) Terms and Conditions.

Guidance for the use of the Better Cotton Platform is located on the BCP.

Better Cotton Membership

All organisations verified to the Better Cotton CoC Standard may apply to become Better Cotton members. Better Cotton membership is obligatory for:

- Retailers and brands that want to purchase end-products with a Better Cotton claim
- Suppliers sourcing bales of ginned lint (cotton traders and manufacturers with spinning capabilities).

Verified organisations that are not members are considered non-member BCP Suppliers.

More information on Better Cotton membership can be found here: <https://bettercotton.org/membership/>.

References

The following documents form a suite of tools to support organisations in implementing the Better Cotton CoC. These include:

- Better Cotton Chain of Custody Standard V1.0
- Better Cotton Ginner Agreement (for ginners only)
- Better Cotton Platform User Manuals
- Better Cotton Monitoring and Assessment Procedure V1.0
- Better Cotton Claims Framework
- Better Cotton Member Code of Practice (applicable to Better Cotton Members only)
- Better Cotton BCP Terms and Conditions
- Better Cotton CoC Terminology and Definitions

Additional guidance and FAQs are available on the Better Cotton website.

Verbal forms for the expression of provisions (Adapted from ISO/IEC Directives Part 2: *Rules for the structure and drafting of International Standards*):

- “shall” indicates requirements strictly to be followed to conform to the requirements.
- “should” indicates that among several possibilities one is recommended as particularly suitable, without mentioning or excluding others, or that a certain course of action is preferred but not necessarily required.
- “may” indicates a course of action permissible within the limits of the document.
- “can” is used for statements of possibility and capability, whether material, physical or causal.

2. Management System Requirements

A management system is a set of tools and processes that an organisation implements to ensure quality, consistency, and continual improvement. It consists of three core elements:

- **People** – personnel that are trained, competent and understand their responsibilities to maintain and implement the management system.
- **Policies and processes** – policies and processes relating to the implementation of the management system are documented, maintained, understood, and implemented correctly by relevant staff and functions.
- **Documentation** – appropriate evidence and records are maintained to demonstrate the effective implementation of the management system.

Section 2 outlines the requirements relating to the implementation of a management system that supports the consistent implementation of the CoC Standard.

2.1 General Requirements

- 2.1.1** The organisation's top management shall define and document its commitment to implement and maintain the applicable chain of custody requirements of this CoC Standard, by agreeing to the Better Cotton BCP Terms and Conditions.

For a management system to be effective, it requires buy-in from the organisation's top (senior) management. This commitment demonstrates to Better Cotton, staff implementing the CoC and clients that adhering to the requirements in the CoC Standard is of high organisational importance.

All organisations are required to sign the Better Cotton Platform (BCP) Terms and Conditions (T&Cs) as part of the supplier application process. Signing the BCP T&Cs is a precondition for entering into the CoC programme.

Where multiple sites belonging to the same organisation intend to enter the CoC programme, the BCP Terms and Conditions will need to be signed for each site, even when the organisation's head or central office is ultimately responsible for management across sites.

You can find further details on the Better Cotton BCP Terms and Conditions at www.bettercotton.org.

- 2.1.2** The organisation shall implement and maintain a documented management system that ensures its continuous conformity to all applicable requirements of this CoC Standard. The management system shall be applicable to the scale and complexity of the organisation's processes, including outsourced activities where appropriate.

The purpose of this requirement is to ensure that the organisation has a clear, consistent, and documented system for maintaining the CoC throughout a site's processes.

Organisations are encouraged to embed Better Cotton Chain of Custody requirements into their broader management systems. This is particularly relevant when organisations are certified to other CoC standards, such as the Textile Exchange Content Claims Standard and GOTS, or other quality management systems.

Organisations are recommended to review existing policies and procedures prior to applying to the Better Cotton CoC programme, to assess where policies should be adjusted, and where new, additional policies, processes and procedures are required. Procedures should be maintained and kept up-to-date and relevant. It is recommended that organisations ensure all procedures include the date that they are effective from, and records of when they were last reviewed or updated.

2.1.3 The organisation shall maintain the infrastructure and technical resources needed for the effective implementation and maintenance of the applicable requirements of this Standard.

Infrastructure refers to physical infrastructure (e.g. warehousing capabilities, production lines) and software / IT systems.

The organisation shall ensure that it has sufficient space and storage to support the implementation of the Chain of Custody Standard. The organisation should also ensure it has sufficiently robust inventory management systems to allow physical outputs to be linked back to physical inputs (e.g. **the ability to link Better Cotton seed cotton heaps to finished lint bales**). These inventory management systems may be fully digital, a combination of online and offline systems, or a paper-based system.

Technical resources may relate to the personnel, tools, equipment and external support required to implement the Chain of Custody Standard. Not all organisations will require the same level of technical resources. It is at the organisation's discretion to determine what is appropriate.

Examples of technical resources may include:

- Staff capable of training others on relevant Chain of Custody requirements
- External resources such as consultants and 3rd party service providers

2.2 Responsibilities and Authorities

2.2.1 The organisation shall appoint a management representative who has overall responsibility and authority for the organisation's compliance with all applicable requirements of this Standard.

The purpose of this requirement is to ensure that there is an individual at each site with overall responsibility for maintaining the Better Cotton Chain of Custody at that site.

The representative should have a good knowledge of the site's processes and coordinate with relevant personnel to ensure the CoC Standard is being implemented effectively. The management representative may also be the main point of contact for Better Cotton, and be responsible for a number of tasks, including:

- Monitoring the implementation of the CoC Standard and continuous improvement activities
- Providing CoC guidance to other personnel with responsibilities relating to CoC Standard and clarifying questions where necessary
- Facilitating communication between top management and those implementing the CoC Standard
- Coordinating assessment activities with Better Cotton or third-party assessors
- Developing and implementing corrective action plans where non-conformities are identified
- Submitting the annual self-assessment to Better Cotton
- Logging transactions on the BCP

Where an organisation has multiple facilities, the organisation may assign a member of staff from the central office to have overall responsibility for the organisation's compliance to the CoC Standard across all sites. A member of staff located at each site should be identified as responsible for the implementation of the CoC Standard at their respective site.

2.2.2 The organisation shall identify and define the key personnel who are responsible for the implementation and management of each critical control point within the organisation’s activities.

A critical control point is any stage within an organisation’s operations where the CoC could be broken. For example, it is a point or situation where conventional cotton could enter, blend, or be substituted with physical Better Cotton, or where identification of physical Better Cotton could be lost. Organisations should ensure there are trained personnel responsible for each area of the site where Better Cotton is received, stored, handled, processed and sold. This ensures that the CoC Standard is implemented consistently across all of the various control points within a site. Identifying the key personnel responsible for various stages of the CoC also ensures accountability for any lapses, errors or breakdowns in the Chain of Custody.

Example:

Critical control point	Possible mitigation
Receipt of seed cotton	A procedure for inspecting received seed cotton and objectively confirming that it was produced by Better Cotton farmers, through receipt of the AAV code, cross referencing farmer lists, issuance of purchase vouchers / invoices, weighment slips and delivery notes
Warehousing and storage	A system for segregating physical Better Cotton product and preventing mixing with conventional cotton e.g. through physical marking, signs and labelling
Transferring of material	An internal system for tracking the transfer of stock from one step to the next step – example tracking which heap or storage facility seed cotton to be ginned came from.
Transportation of goods between organisations	The use of secure and trusted transportation services and where possible, ensure they understand the CoC and/or segregation.
Packaging and labelling of bales	Goods are accurately labelled, and packaged in a way that prevents labelling being tampered with or altered
Sale of goods	Outbound goods are accompanied with correct documentation, with the relevant CoC model clearly stated.

For critical control points to be appropriately managed, the organisation should ensure that key personnel clearly understand their responsibilities for a given critical control point. These responsibilities should be documented to ensure accountability. Where possible, organisations should include information on staff responsible for implementation and management of critical control points in a broader roles and responsibilities document. This could include an organogram with defined roles and responsibilities of key representatives.

For smaller organisations or more integrated sites, an individual may be responsible for more than one critical control point within an organisation’s operations. Likewise in larger organisations, multiple people may share responsibility over a single critical control point.

- 2.2.3** The organisation shall communicate any changes in the management representative, or any other significant changes to Better Cotton by email within 15 calendar days of the change occurring.

Changes can be communicated to Better Cotton by emailing helpdesk@bettercotton.org

2.3 Training

- 2.3.1** The organisation shall implement a training plan, subject to annual review and supported by training records, which shall ensure that all relevant personnel are trained and competent in the applicable requirements of this Standard.

An effective employee training plan is critical to the success of the management system. All staff who handle physical Better Cotton product should receive internal training, and at a minimum have an understanding of relevant requirements of the Standard and how the organisation implements it.

The organisation should develop a training plan for all staff with responsibilities for maintaining the Chain of Custody. The plan should specify training frequency and track attendance. Specific training should be given to:

- Workers responsible for recording the weights/volumes of seed cotton product received, to ensure they are done accurately
- Workers responsible for unloading, storing, and labelling physical Better Cotton (seed cotton and bales)
- Management of production processes
- Buying, Sales and Finance departments

New staff with responsibilities relating to CoC implementation should receive training prior to handling or processing physical Better Cotton. Staff may undergo internal training, training provided by an experienced 3rd party, or attend training provided by Better Cotton.

Organisations should maintain physical or digital access to the Better Cotton CoC Standard at each site where physical Better Cotton is handled. Organisations may also keep other documents such as training materials or user manuals on-site. The intent is to ensure staff involved in maintaining the Chain of Custody can always refer to key resources when required.

As part of an assessment, the assessor may interview staff to determine competence and to confirm that they have been trained effectively and understand the requirements of the CoC Standard.

- 2.3.2** All staff responsible for entering data on the BCP shall complete BCP training provided by Better Cotton or approved third party providers.

Better Cotton will provide gin staff in-person training on use of the BCP. Additional guidance materials will be available on the BCP.

2.4 Record Keeping

2.4.1 The organisation shall maintain accurate, complete, up-to-date, and accessible records covering all aspects of this Standard. The records shall be applicable to the scope of the organisation's verification. Records shall include but are not limited to:

- a. Purchase orders
- b. Supplier delivery notes, certificates of origin and invoices
- c. Raw material stock records
- d. Production records
- e. Finished goods stock records
- f. Sales and distribution records
- g. Stock reconciliation records

2.4.2 The organisation shall maintain all applicable records for a minimum of two (2) years.

Storing and managing business records is critical to an effective management system and can serve as key evidence during site assessments.

The organisation may retain records in paper form or as electronic copies. Records may be kept for longer than two (2) years in accordance with local regulatory requirements or an organisation's internal policy. The organisation should ensure that records are filed in a way that they are easily accessible and can be made available on request to Better Cotton or third-party assessors.

Note that clients may request the organisation to retain records for a minimum of five (5) years, in line with OECD Due Diligence Guidance (OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, 2017).

2.5 Complaints

2.5.1 The organisation shall establish and maintain a procedure for the handling and resolution of complaints relating to the organisation's implementation of the Better Cotton CoC Standard.

A complaints procedure supports the ginning organisation deal with any issues or concerns raised by downstream customers (traders or spinners) relating to the purchase and sale of physical Better Cotton bales. By addressing customers' complaints, the gin can:

- Maintain customer relations in the event of a mistake or service failure
- Identify where business operations could be strengthened

The scope of the complaint's procedure should include, at a minimum, issues relating to the breakdown in the Better Cotton Chain of Custody. This could include:

- Insufficient or incorrect documentation associated with an outbound lot of bales
- Incorrect labelling of outbound physical Better Cotton products

- Discrepancies between transaction information shared with a client on the BCP and the physical product they received
- Inaccuracies between shipped volumes and associated documentation

The procedure should be documented, and include:

- A clear and accessible way for clients to lodge a complaint (e.g. a dedicated contact person, email address, or online form)
- A timeframe for responding to complaints
- A process for investigating complaints
- A consistent way of tracking and documenting complaints received

Complaints relating to breakdowns in the Better Cotton Chain of Custody, and records of how they were investigated, should be reviewed during the annual management meeting. Complaints may be resolved by:

- Providing the organisation's client additional sales or transaction documentation
- Correcting and re-issuing sales or transaction documentation to the client
- Cancelling and reissuing transactions with correct data on the BCP
- Cancellation of an order or issuance of a debit note

2.6 Control of Non-Conforming Products

- 2.6.1** The organisation shall ensure that a mechanism is in place for handling non-conforming products to ensure they are not sold onward with a Better Cotton claim until their status can be verified. This includes any transfers of BCCUs, and any cotton/ cotton-containing products bought or sold as physical Better Cotton, which cannot be verified as legitimate.

Non-conforming products are those that do not fully meet the requirements outlined in the Better Cotton CoC Standard. Non-conformity will likely occur due to unintentional errors but may also be associated with fraud.

The purpose of this requirement is to ensure that organisations have appropriate mechanisms in place to prevent non-conforming product entering the production line, mixing with other sources of verified physical Better Cotton, or being sold on with a physical CoC claim.

Examples of non-conforming product may include:

- Product with incorrect or incomplete documentation
- Product for which the Chain of Custody and identification has been broken
- Physical Better Cotton sourced from suppliers who have not been verified against the Better Cotton CoC Standard

All organisations are responsible for verifying that the Better Cotton products they accept receipt of, produce and sell to clients adhere to the CoC Standard. Organisations should have controls in place to:

- Visually inspect received physical Better Cotton prior to accepting receipt / transfer of ownership, and objectively confirming that it was produced by Better Cotton farmers, through receipt of the AAV code, cross referencing farmer lists
- Review associated documentation of received physical orders or purchases, to verify they include the key data points required by the CoC Standard (see 3.2.1).
- Segregate non-conforming product from other inventory, ensuring staff responsible for both warehousing and production are aware that the product should not enter general warehousing or production.
- Ensure staff responsible for accepting transactions on the BCP refrain from doing so for non-conforming product, until its status can be verified.
- Check that documentation generated for an outbound order is correct and accurate, includes the key data points (see 4.1.1) and that information is consistent across documentation and on the BCP.

For ginnerers who lack the infrastructure to create a separate heap of non-conforming cotton product, the organisation may choose to accept the product as conventional cotton, without a Better Cotton CoC claim.

2.7 Outsourcing

The objective of this requirement is to ensure that all suppliers of outsourced products or processes conform to the Better Cotton CoC Standard and adhere to all applicable requirements.

The organisation may use sub-contractors for the processing of Better Cotton products. Sub-contractors may or may not be Better Cotton verified.

- 2.7.1** Where allowed, ginnerers and mills with spinning capabilities shall notify Better Cotton and provide details of any outsourced primary activities (related to ginning and spinning) before commencing the activity for the first time.

An example of outsourcing may be a ginner that subcontracts warehousing facilities to store Better Cotton lint bales.

Ginners are required to notify and seek approval from Better Cotton before commencing outsourcing activities with a new subcontractor for the first time. The organisation should provide to Better Cotton, as a minimum:

- Name and address of subcontractor
- Outsourced activity being performed (process or sub-process step)
- Frequency of outsourced activity to be performed

Better Cotton should be informed on an initial subcontractor-by-subcontractor basis and should be notified if there are significant changes to the subcontractor/subcontracted activity.

Ginners who outsource primary ginning activities to other facilities must inform Better Cotton about the outsourcing activity before the beginning of the ginning season.

Organisations should communicate outsourcing activities to both their primary contact at Better Cotton and compliance@bettercotton.org.

2.7.2 Throughout all stages of outsourcing the organisation shall maintain legal ownership of the goods.

Organisations are considered to be legal owners if they issue invoices related to the sale of physical Better Cotton product and collect payment for the sale of such products, or are able to demonstrate their financial ownership of materials based on other documentation, such as transfer slips and contracts.

2.7.3 The organisation shall provide sufficient information and training to the sub-contractor to ensure that no uncontrolled mixing of Better Cotton and conventional cotton takes place.

For subcontractors who are verified against the CoC Standard, the organisation is not required to provide additional training. The organisation should confirm the sub-contractor's verification status using Better Cotton provided lists.

For subcontractors who are not verified against the CoC Standard, in addition to training, the organisation should assess the substitution risk of the outsourced activity and ensure the subcontractor is able to adhere to the requirements of the standard.

Better Cotton recommends that organisations require sub-contractors to maintain the same lot / batch / recipe identification codes and identifiers for outsourced products. Where this is not possible, the sub-contractor should be trained and have the systems in place to demonstrate that any recoding of batch-identifiers has not resulted in a breakdown of the Chain of Custody.

2.7.4 The organisation shall maintain an up-to-date list of all sub-contractors, which includes

- a. Name, address, and contact details of each sub-contractor
- b. Outsourced activity being performed
- c. Frequency of the outsourced activity being performed

2.7.5 The organisation shall establish a signed agreement with each sub-contractor, defining the scope of the outsourced activity, and specifying that the contractor shall:

- a. Commit to following all applicable verification requirements covered by scope of the agreement
- b. Maintain accurate records of all inputs and outputs of Better Cotton product covered by the scope of the agreement
- c. Not further outsource the activity covered by the scope of the agreement
- d. Agree to allow full access to their operations, to enable both 2nd and 3rd party audits of the activity within the CoC Standard to take place, if appropriate

The agreement should be signed by both the organisation and subcontractor, and identify the individuals from both parties with overall responsibility for maintaining the Chain of Custody.

2.7.6 The organisation shall maintain sole responsibility for entering all purchase and sales transactions on the Better Cotton Platform

2.7.7 Sub-contractors shall not be allowed access to the BCP.

If sub-contracting to an organisation verified to the CoC Standard, the product should not be transferred to the subcontractor's account on the BCP.

The organisation should also declare whether a production or processing step has been outsourced when entering production data into the BCP and include the subcontractor's name.

Third party assessors may assess sub-contractors as part of the organisation's assessment. This could include document checks, or an in-person site assessment.

2.8 Self-Assessment

Self-assessments allow the organisation to evaluate their performance against the CoC Standard, identifying any potential gaps in their processes or documentation and taking corrective actions to address them.

- 2.8.1** The organisation shall conduct an annual self-assessment using a tool provided by Better Cotton covering all activities within the scope of verification, including outsourced activities if applicable. The self-assessment shall be shared with Better Cotton on completion.

The annual self-assessment should be shared with Better Cotton no later than twelve (12) months after the submission of the previous self-assessment. Failure to complete the self-assessment may result in temporary suspension on the Better Cotton Platform until the assessment is completed.

You can find the self-assessment and guidance on how to submit it on the Better Cotton website.

- 2.8.2** The results of the self-assessment will be subject to the organisation's management review.

The organisation should review the findings of the self-assessment during the management review mentioned in 2.9.

2.9 Management Review

The purpose of a management review is to ensure that the organisation's management is engaged in the implementation and maintenance of the CoC Standard. The review provides an opportunity for management to assess the implementation of the CoC and to determine if any changes or improvements are necessary.

- 2.9.1** The organisation shall conduct management reviews annually. At a minimum, the review shall consider the following aspects:
- a. Follow up actions from previous management review meetings
 - b. Result of the self-assessment, internal investigations, and external assessments covering the applicable requirements of this standard
 - c. Complaints / stakeholder feedback relating to the implementation of the CoC Standard, and the outcomes of any stakeholder complaints
 - d. Status of preventative and corrective actions relating to the implementation of the CoC Standard
 - e. Changes that could affect the management system

- f. Recommendations for how the management system and related processes can be improved
- g. Review of resource requirements needed for effective management and control of management system and related processes

The organisation's management should meet on an annual basis, with their first review occurring no later than twelve (12) months from joining the CoC programme. Ginners may choose to meet more regularly, such as at the start, middle, or end of ginning season.

Where the organisation is a small sized enterprise (less than 10 full-time employees), the management review may consist of an annual meeting between staff with responsibilities for maintaining the Better Cotton Chain of Custody, to review how the Better Cotton Chain of Custody is maintained.

The organisation should maintain records of:

- Date and location of the meeting
- Meeting agenda
- Attendees
- Discussions/minutes
- Corrective actions and follow up

Management review records should be made available to Better Cotton and third-party assessors on request.

3. Purchasing, Material Receipt, Storage and Production

3.1 Purchasing

3.1.1 The organisation shall maintain up-to-date information about all suppliers that supply products included in the scope of verification, including:

- a. The name and contact details of each supplier
- b. Product(s) supplied
- c. Applicable CoC supply chain model/s

The gin should maintain a list of all farmers they source from. This list may be kept as a soft or hard copy.

3.1.2 For ginners purchasing Better Cotton from a market or middleman, the ginner shall in addition:

- a. Maintain an up-to-date list of the names and contact information for all markets or middlemen from which Better Cotton is purchased.
- b. Ensure that all middlemen have systems in place to keep Better Cotton segregated from conventional cotton during purchase, handling, storage, transport between farm to gin and can trace Better Cotton back to licensed farmers through objective documentation.

Before purchasing from a middleman, the ginner should understand if they have sufficient systems in place to maintain the segregation of physical Better Cotton. This should be assessed before the start of the ginning season.

Questions ginners may ask middlemen to assess this include:

- Whether the middleman knows about Better Cotton and its segregation requirements
- Whether they are able to provide information about the farmers they sourced from
- Whether they know if the farmers they source from are Better Cotton Farmers
- How they transport physical Better Cotton from farm to gin
- How they keep physical Better Cotton separate from conventional cotton
- Whether they have direct trading links with farmers, or also source through middlemen
- Whether they are able to provide receipts / evidence of their purchases of Better Cotton

It is the responsibility of the ginner to ensure that middlemen they purchase Better Cotton from adhere to the CoC. To support this, Better Cotton has developed materials for ginners to train middlemen. Training should be conducted annually and should be completed before the ginning season begins.

- c. Obtain records from each middleman of their relevant purchases from licensed Better Cotton Farmers, including the farmer's name and/or code, date of purchase, and volume.

Ginners are encouraged to ask middlemen selling Better Cotton to sign a declaration stating that they commit to keep cotton sourced from licensed Better Cotton Farmers separate from conventional cotton, at all stages of handling, should they seek to sell it as Better Cotton. The declaration should also ask middlemen to issue proof of purchase with three copies – one copy to be provided to the farmer, one kept with the middleman, and one provided to the ginner. Ginners should maintain records of purchases for middlemen and make them available to Better Cotton or third-party assessors upon request. Ginners may incorporate clauses from the sample declaration into existing commercial agreements they have with middlemen.

Gins are encouraged to engage with Better Cotton Programme Partners to understand where Better Cotton Farmers are located, and how they can best source from them. Programme Partners may share farmer lists with ginners to allow them to cross-check information shared by middlemen.

3.2 Material Receipt

- 3.2.1** For all purchases of physical Better Cotton or Mass Balance orders the organisation shall receive from the supplier a document, or a range of documents that provide the following information:
- a. Customer identification
 - b. The organisation's name as the supplier of the material
 - c. Product description or specification including technical parameters
 - d. Quantity of product(s)
 - e. Date of delivery / sale
 - f. Sales invoices and contracts
 - g. Transport/ shipping documents
 - h. The applicable CoC supply chain model (Mass Balance, Controlled Blending, Segregation (Multi-Country), Segregation (Single Country))

Ginners may receive one or multiple documents from suppliers that include the listed information.

Examples of documentation that may contain the above information include:

- Purchase slips
- Farmer pay slips

Note that customers may request additional information in addition to what is required by the Better Cotton Chain of Custody Standard. Regions like the EU and US increasingly require upstream suppliers to provide records to demonstrate where cotton imports were produced, and the practices associated with production. The decision to share this information is at the discretion of the organisation and may be done using the Better Cotton Platform.

3.2.2 The organisation shall maintain up-to-date records related to the purchase of physical Better Cotton and Mass Balance orders on the BCP platform

3.2.3 Organisations operating as ginners shall maintain the following specific documents and records related to the purchase, handling, and sale of Better Cotton (where applicable):

a. Supplier list

The supplier list should include the full list of Better Cotton farmers the gin sources from, along with a separate list of any middlemen involved in the process.

For farmers, the supplier list should include: Farmer Name, Farmer Code, Village/Region name

For middlemen, the supplier list should include: Name, contact number, role (e.g., middlemen / market).

b. Purchase slips, purchase records, or farmer pay slips

Purchase slips record the purchase of cotton by a ginner from a farmer. This information should typically include details such as: farmer name and address, middleman name (if applicable), date of purchase, vehicle type, quantity of cotton purchased, price, AAV code.

c. Gate entry pass/slip

A gate entry pass/slip records the arrival and delivery of cotton from farmer to gin. This is created at the facility gate prior to storage or processing. The pass should contain date / time of entry, vehicle number and seller's name.

d. Weighbridge slip

A weighbridge slip is generated based off the weight of cotton and associated transportation vehicles before and after delivery, and is used to determine the quantity of cotton delivered to the gin. The ginner should be responsible for producing the weighbridge slip, and should maintain a copy at the site's facilities.

Ginners are encouraged to ensure their weighbridges are calibrated correctly.

e. Procurement or arrival register

A procurement or arrival register records cotton purchases at the point of arrival at the gin. It ensures that each truckload or delivery is properly tracked and accounted for. It should include details like date of purchase, farmer name, weight, vehicle number, and associated purchase slip number.

f. Heap register

Heap registers record where seed cotton stored as a heap was sourced from, and the period over which cotton was added to the heap before processing.

g. Bale register/ pressing register

Bale registers are used to track the pressing and packaging of cotton bales, and can track information such as weight, documentation, lot number, bale number, ID.

h. Processing records / confirmation of gin outturn ration

Processing records track production activities and indicate the efficiency of the gin's operations. These should contain purchase date range, processing date, heap number, volumes used and produced.

i. Copy of outsourcing agreement and subcontractor declarations (where applicable)

See requirement 2.7 for further information.

j. Country of Origin (where applicable)

Gins should only source Better Cotton from the country in which they are located.

- 3.2.4** Organisations that are operating as ginners shall provide receipts to farmers where Better Cotton is purchased directly from licensed Better Cotton Farmers. Receipts shall include buyer/ seller name, AAV code (where applicable) and/or farmer's code, village, date, and quantity.

As well as providing receipt(s) to farmers, the ginner should also maintain a record of the sale.

3.3 Product Storage and Production

- 3.3.1** Organisations who operate either Segregation (Single and Multi-Country) and / or Controlled Blending supply chain models shall ensure that the identification of material supplied and sold as physical Better Cotton is maintained during storage and all stages of production and handling. The organisation shall implement one or more of the following segregation methods:

For ginners handling both physical Better Cotton and conventional product, there must be systems in place to maintain segregation if both types of cotton are on site at the same time. It is important the gin shows a clear procedure and effort to control risks of substitution and mixing of physical Better Cotton and conventional product throughout material receipt, storage and sale.

The process for handling and maintaining identification of Better Cotton can be presented in a flowchart/wallchart at the site. This may also include a site map to show how physical Better Cotton is segregation is maintained throughout the site's processes. Staff and workers should be familiar with this process, and be able to demonstrate an understanding of the process flow. The organisation shall make this information available to Better Cotton staff and third-party assessors. The flowchart/wallchart should provide a clear process for how segregation is ensured throughout production, including how physical Better Cotton is tracked and identified throughout the production process, from raw materials to finished product.

It is up to the organisation to assess which of the following methods outlined in 3.3.1 are most appropriate for the site's operations, based on their technical and operational resources. All three options may be utilised. For example, signposting or labelling may be appropriate in intermittent storage phases in between manufacturing processes. During production, machines may be labelled with batch-level alpha-numerical codes that are associated with batches or orders. Where possible, the ginning of Better Cotton may be assigned a separate production line for a period of time.

- a. Physical separation of materials

The organisation keeps physical Better Cotton and conventional cotton separate in different piles, stacks, heaps, and / or warehouses. Physical Better Cotton products are produced on different production lines.

b. Temporal separation of materials

The organisation may alternate between processing heaps / batches / lots / recipes of physical Better Cotton and conventional cotton. Similarly, they may dedicate a warehousing facility for the storage of physical Better Cotton for a given order or series of orders.

Before starting the production of a physical Better Cotton batch, the organisation should ensure that any previous batches of conventional cotton have been processed and left the current production cycle.

Better Cotton does not require the cleaning out of machines between production batches of physical Better Cotton, or when alternating the production of physical Better Cotton and conventional. However, it is common and good practice to do so, and clients are likely to request this service to prevent contamination and ensure the cotton they source is in line with their Sustainable and Responsible Sourcing Policies. This practice also supports better volume reconciliation.

c. Physical identification of materials (e.g., labelling)

Physical Better Cotton should be identified at all times during purchasing, storage, handling, production and sale. This is best achieved through labelling and identification systems. Identification systems can use signs, chalkboards and posters, barcodes, or other means (analogue and technology-driven) to enhance or support the identification and tracking of physical Better Cotton products within and outside of a facility. Gins should be able to link the final bale output with the initial seed cotton heap inputs through objective records and systems.

A good identification practice would be a ginner that has Better Cotton lint bales marked with a Better Cotton label, printed on cloth bags with the ginner name, address, product information e.g. lot number.

The segregation of physical Better Cotton material is likely to take different forms depending on the size, nature and scope of the organisation. Methods of segregation may also change as a product goes through the production process.

- **Physical separation:** The gin may physically separate the Better Cotton and conventional seed cotton into separate heaps, demarcating clear boundaries between heaps through signage or lines on the ground.
- **Temporal separation:** The gin may alternate between processing heaps of Better Cotton and conventional. It should be clear which is currently being processed, the information of which may be displayed physically or on machines.
- **Physical separation and/or labelling:** The gin may physically separate lint bales by lots. The gin may ensure Better Cotton is not mixed with conventional material through shipping and sale by including labelling that identifies bales as Better Cotton.

Figure 6 outlines what a good segregation practice may look like for a ginner.

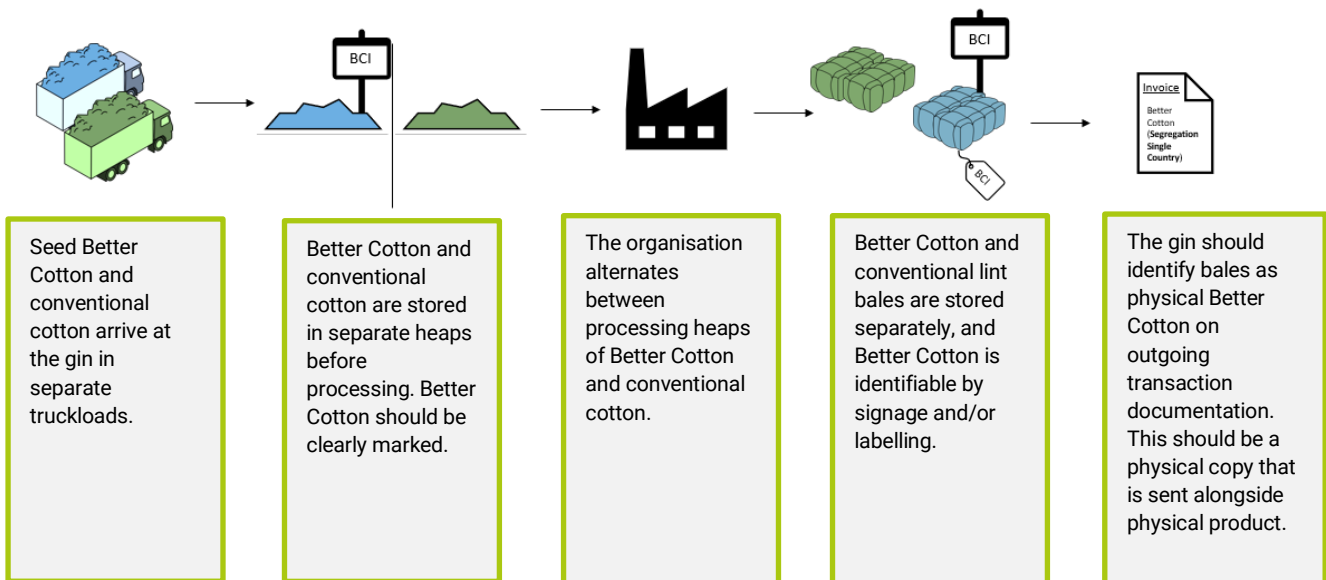


Figure 6 - Representation of how segregation may be maintained at a ginning facility

Once Better Cotton has left the heap and the production process has commenced, identification of Better Cotton should be maintained at batch-level.

4. Sales and Goods Out

- 4.1.1** For every sale and delivery of physical Better Cotton or Mass Balance orders, the organisation shall provide the customer with a document, or a range of documents, (for example sales invoices, delivery / shipment documents, outward weigh slip), that includes the following information:
- a. Customer identification
 - b. The organisation's name as the supplier of the material
 - c. Product description or specification including technical parameters
 - d. Quantity of product(s)
 - e. Date of delivery / sale
 - f. Sales invoices and contracts
 - g. Transport/ shipping documents
 - h. The applicable CoC supply chain model (Mass Balance, Controlled Blending, Segregation (Multi-Country), Segregation (Single Country))

The organisation should provide the customer with a physical copy of the document(s) that captures the data points outlined in 4.1.1. Ginners may also upload a copy of the documentation to the BCP. Sales documentation for the corresponding Better Cotton order should clearly indicate the CoC model applied for all Better Cotton orders.

Organisations may include lot/batch/product numbers on outbound sales documentation to support customers in tracking orders at their facility. This can support customers to conduct a trace back based on objective documentation and demonstrate to assessors that batch-level tracking has been adhered to.

- 4.1.2** Organisations shall only make claims about Better Cotton products in line with the Better Cotton Claims Framework.

Guidance for use of Better Cotton claims is located in the Better Cotton Claims Framework. The Claims Framework for physical Better Cotton is due to be published in 2024. Please visit www.bettercotton.org to locate the most up to date version.

5. Volume Reconciliation

Volume reconciliation is the accounting of inputs and outputs of Better Cotton material. The purpose of this requirement is for organisations to demonstrate that they have not sold more products with a Better Cotton claim that they have received from their suppliers.

5.1.1 The organisation shall maintain records that quantify volumes of input and output material at site level at all times.

Organisations should maintain sufficient purchase, production and sales records to support accurate volume reconciliation of Better Cotton products. The table below provides a list of the type of documentation that may be used to demonstrate volumes entering and leaving a site. Note that this a generic list, and assessors will require organisations to see multiple documentation types as evidence.

Documentation types may include:

Inbound	Production	Outbound
<ul style="list-style-type: none"> • Purchase slip/ Farmer purchase slip • Weighbridge slips • Gate pass slip • Purchase/ Inward register • Heap register 	<ul style="list-style-type: none"> • Processing records • Press/ bales register • Stock register • Batch records • GOT percentage • Quality/ technical reports 	<ul style="list-style-type: none"> • Shipping documents • Invoices • Sale contracts • Transaction receipts • Weighbridge tickets

5.1.2 It is the organisation’s responsibility to ensure that their site(s) are accurately listed in the BCP.

Gins should ensure that the site / factory address where ginning takes place is updated on the BCP.

For any issues or changes to site information, the organisation should reach out to their main Better Cotton point of contact or email helpdesk@bettercotton.org.

5.1.3 The organisation shall prepare aggregate annual volume summary reports of all physical Better Cotton and Mass Balance order inputs and outputs, demonstrating that quantities of output material are compatible with the corresponding volumes of inputs at site level. The summary shall take into account inventory levels, conversion (waste) factors, waste usage where applicable, and the conversion of physical Better Cotton to Mass Balance orders.

The annual volume summary report should incorporate all input and outputs of Better Cotton product. The report should include a volume summary overview per product group/type per CoC claim. This summary could be a report from the organisation's inventory management systems, or compiled of multiple reports from business operations.

The report should include waste that is sold or repurposed, waste that is reused at the facility and invisible waste (unaccounted loss that is not recaptured as final product or byproduct e.g. cotton lost to the environment).

- 5.1.4** The organisation shall record actual production input and output volumes of all physical Better Cotton product on the BCP.

Batch level conversion factors are calculated on the BCP based on the total input and output weights entered by the user in the Production page. The equation can be summarised as:

$$\text{(Total Output Weight (kg)) / (Total Input Weight (kg)) = Conversion factor (\%)}$$

Better Cotton recognises that weights may fluctuate by 1-2 percent due to a variety of factors, including moisture content and the calibration of weighing bridges and tools. The weight the seller has entered in the BCP will be taken as the default weight, although the buyer can request for change if they believe it to be outside normal weight fluctuations. Better Cotton will not edit volumes in the system due to weight fluctuations.

The organisation should record all input and output volumes to the nearest kilogram (kg) for all physical Better Cotton product on the BCP.

- 5.1.5** The organisation shall investigate deviations from expected conversion factor ranges, when requested to do so by Better Cotton.

Better Cotton will monitor input and output volumes for physical Better Cotton product entered on the BCP to ensure they fall within a reasonable range. Better Cotton will issue a warning on the BCP when a conversion factor falls outside of the expected range for that production process and product type. Better Cotton reserves the right to block a production step on the BCP where the conversion factor falls significantly outside of expected ranges.

When notified, the organisation should provide Better Cotton with justification and supporting records (via email or the BCP) detailing input, wastage / loss and output volumes, and investigate why the conversion factors deviate from normal ranges. This could include reviewing batches over a defined period of time, review of any changes in production practices, or recent changes in personnel or equipment.

- 5.1.6** The organisation shall utilise standardised conversion factors, provided by Better Cotton, for Mass Balance orders, in accordance with the current version of the BCP User Manuals.

6. Chain of Custody Supply Chain Models

Most requirements relating to the CoC models are required to be maintained at batch level.

Batch production is a method whereby a group of identical products are produced simultaneously (rather than one at a time). It is up to the organisation to decide how big the batch will be, and how often these batches will be made. Each batch goes through the separate stages of the manufacturing process together. This means that another batch cannot begin a stage, if the previous one is still within that part of the production cycle.

Each batch should be associated with a unique (alpha-)numeric coding system which allows output products to be tracked back to production recipe / order, corresponding material inputs (for Better Cotton inputs, conventional cotton inputs) and associated purchase records for physical Better Cotton.

Organisations are encouraged to use digital systems to track batch records. This may include spreadsheet software, databases, or more sophisticated inventory management systems.

6.4 Segregation (Single Country)

Segregation (Single Country) requires separation of physical Better Cotton and conventional cotton from farm level onwards, and does not allow mixing or substitution between physical Better Cotton of different origins and conventional cotton of any origin, throughout the supply chain. All organisations applying this model shall ensure that physical Better Cotton material from a single country is kept physically separate from all other cotton sources, including material from different Better Cotton production countries.

Ginners processing Better Cotton shall follow the Segregation (Single Country) CoC model at all times.

- 6.4.1** The organisation shall have procedures in place that control the identification of Segregated (Single Country) inputs at all stages of purchasing, raw material storage, production / processing, shipment and sales.

Product that follows the Segregation (Single Country) CoC model must be identifiable and segregated at all times. The organisation is required to have systems in place that prevent against uncontrolled mixing of Segregated Better Cotton and conventional cotton.

- 6.4.2** Identification of material shall be maintained at batch level, with an exception for ginners where segregated seed cotton is stored in heaps.

Ginners are not required to segregate inbound seed cotton from Better Cotton licensed farmers/middlemen by batch, and seed cotton from different batches may enter the same heap. Ginners should segregate seed cotton by Better Cotton and conventional heaps, ensuring that seed Better Cotton is clearly identifiable using signboards, markings on the floor or permanent/ temporary space designated for heaping of Better Cotton only. The gin should maintain information regarding which seed cotton batch has entered which heap through a heap register, which should be used as a tool to keep track of when seed cotton is being processed.

- 6.4.3** The organisation shall maintain records of all production batches of Segregated (Single Country) material, including the following:

- a. Date of production
- b. Identification of production batch / heap
- c. Physical Better Cotton Segregation (Single Country) Input product
- d. Non-cotton fibre input products (where applicable)
- e. Output product, including Country of Origin of physical Better Cotton
- f. Quantities and characteristics of inputs and outputs
- g. Applicable conversion factors

- 6.4.4** Documented information as to the Country of Origin of such material shall be maintained by the organisation and, if requested, shall be made available to customers, to maintain the Segregation (Single Country) status of the material along the supply chain.

This may be evidenced through objective sales and transport documentation (e.g. Bill of Lading, Phytosanitary Certificates, government-issued country of origin certificates, commercial invoice/contracts/purchase orders that display gin names, freight/port records or tax records) and/or parallel Country of Origin Chain of Custody systems such as the Egyptian Cotton Certification system.

- 6.4.5** The organisation shall ensure that all sales and shipping documentation for the supply of Segregated Better Cotton material includes a statement(s) as to the content and origin of physical Better Cotton input.

Where non-cotton fibre is used as input during the manufacturing / processing activity, a percentage claim may also include this content. Example: 85% physical Better Cotton (India), 15% viscose.

Organisations are encouraged to use ISO 3166-1 Alpha-2 and Alpha-3 Country Codes on sales documentation (e.g. BC-PK / BC-PAK, BC-IN / BC-IND). You can find the list of ISO Alpha-2 and Alpha-3 Country Codes here: www.iso.org/obp

End of document