

Better Cotton Chain of Custody v1.0

Terminology and Definitions

Term	Definition
Agent	Persons or organisations that facilitate trade between buyers and sellers of physical Better Cotton and mass balance orders, but do not take physical ownership of the products. This definition excludes middlemen, who buy Better Cotton from farmers and sell to ginners.
Assessor/Auditor	Person or team of people with the demonstrated personal attributes and competence to conduct an assessment
Assessment/Audit	Systematic, independent and documented process for obtaining objective evidence and evaluating it objectively to determine the extent to which the assessment criteria are fulfilled
Batch	<p>A quantity of products produced in a production run It is up to the manufacturer to decide how big the batch will be, and how often these batches will be made.</p> <p>Each batch goes through the separate stages of the manufacturing process together. Meaning that another batch cannot begin, if the previous one is still within that part of the production cycle.</p>
Better Cotton Member	A company that has applied for and been approved as a member of Better Cotton. A full list of members is available at: https://bettercotton.org/findmembers/ . Better Cotton requires membership of cotton traders, suppliers with spinning capabilities, and retailers/brands. More details on membership can be found at: https://bettercotton.org/get-involved/membership-offer/
Better Cotton	Cotton produced by licensed Better Cotton Farmers under the Better Cotton Standard System or recognised equivalent standards. Note 1: the term 'Better Cotton' refers to the production method (i.e., the Producer must meet all relevant core indicators in the Better Cotton Principles & Criteria); it does not refer to specifications or quality parameters of the cotton itself. Note 2: More detail on recognised equivalent standards can be found at https://bettercotton.org/where-is-better-cotton-grown/
Better Cotton Chain of Custody Registration Form	The form completed by the organisation prior to entering the Better Cotton Chain of Custody to establish their category. This category will determine
Better Cotton Claims Framework	The Better Cotton Claims Framework enables Members to make credible and positive claims about Better Cotton. It outlines the

	<p>criteria to make claims and the rules that are to be applied when making claims.</p>
Better Cotton Claim Unit (BCCU)	<p>The designated unit that corresponds to 1 KG of physical Better Cotton lint and procured from a participating Better Cotton ginner by a cotton merchant or a spinning mill. This unit is used for mass balance orders.</p> <p>After the ginner level, any purchases or sales of Better Cotton mass balance orders must have a corresponding transfer of BCCUs (from supplier to buyer/ recipient) through the Better Cotton Platform (BCP).</p> <p>Note 1: Once received by a supply chain organisation (any type of supplier and manufacturer other than a ginner), BCCUs do not expire. BCCUs are not attached to a specific crop season or calendar year.</p> <p>Note 2: BCCUs cannot be purchased or sold as separate credit units and can only be transferred in the BCP if they correspond to a genuine physical sale or purchase of a Better Cotton mass balance order.</p> <p>Note 3: BCCUs continue to be valid if the Better Cotton Member and Non-Member BCP Supplier continue to renew their BCP account access. If validity expires and the company does not renew for more than 6 months past the validity end date, then they need to apply for a new account and the BCCUs will become invalid in the inactive account.</p>
Better Cotton Platform (BCP)	<p>Better Cotton’s online system for tracking purchases/ sales of physical Better Cotton and mass balance orders. The BCP is a trademarked online system used only by Better Cotton and registered supply chain organisations that are buying, selling, or sourcing Better Cotton.</p>
Better Cotton Principles and Criteria (P&Cs)	<p>The P&C is a farm-level sustainability standard for the cotton production sector. It defines clear environmental, economic, and social requirements that all Producers must meet to be licensed to sell their cotton as Better Cotton.</p>
Broker	<p>Persons or organisations that facilitate trade between buyers and sellers of physical Better Cotton and mass balance orders, but do not take physical ownership of the products. This definition excludes middlemen, who buy Better Cotton from farmers and sell to ginner.</p>
Chain of custody	<p>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.</p>
Controlled blending	<p>A CoC supply chain model that allows the mixing of physical Better Cotton and conventional cotton within a production batch, resulting</p>

	in a percentage claim about the proportion of physical Better Cotton used within the batch. Conventional cotton may include recycled, regenerative, organic, in-conversion, and any other cotton input that is sourced in accordance with the Better Cotton Platform (BCP) Terms and Conditions.
Conventional cotton	Refers to any cotton that was not produced by licensed Better Cotton Farmers in compliance with the Better Cotton Principles and Criteria, or farmers in compliance with benchmarked standards recognised by Better Cotton. This includes organic, recycled, regenerative, and other types of preferred cotton.
Conversion factor/rate	The percentage of a manufacturing input that is converted to useful output.
Corrective Action Plan	Plan of action to eliminate a detected non-conformity.
Correction	The action to eliminate a detected non-conformity
Cotton trader	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 companies (e.g., supplier, trader, mill), the cotton lint may cross international borders.
Derogation	Process applied when exceptional circumstances mean a requirement of the Better Cotton Chain of Custody Standard may not be relevant or applicable in a specific context.
Dyeing mill	Processor where dyes or pigments are applied to textile materials such as fibres, yarns, and fabrics with the goal of achieving colour with desired colour fastness.
End-product manufacturers/garment manufacturers	Processors of textile fabrics and making them into end-products. End-product manufacturers buy fabric and sell end-products.
Fabric mills	Processors of textile yarn and/or filaments and making them into fabric. Fabric Mills buy yarn and sell fabric.
Ginner	A company that buys seed cotton, gins it, converts into bales and sells cotton lint bales.
Integrated spinners	Processors of textile fibres and/or filaments and making them into yarn, fabric and end-product. Integrated spinners buy fibres and sell yarn/fabric/end products.
Internal Review	Annual review done by the organisation of all activities that relate to requirements of the CoC Standard.
Inventory	The amount of physical Better Cotton or Better Cotton Claim Units (BCCUs) in an organisations account
Management System	A set of policies, processes and procedures used by an organization to ensure that it can fulfill the tasks required to achieve its objectives.
Mass Balance	An accounting system that allows claims to be transferred from one Better Cotton product to another either through physical

	blending/mixing or administratively via Better Cotton Claim Units (BCCUs). It ensures that the quantity of physical cotton sold as a mass balance order with BCCUs cannot exceed the quantity of cotton purchased with BCCUs (accounting for relevant conversion rates) across the supply chain.
Mass Balance Order	Any cotton or cotton-containing product (after ginner level) which is bought or sold under the mass balance CoC model. Note 1: Mass balance orders may refer to a product that does not contain any physical Better Cotton.
Middlemen (seed cotton trader)	An individual or organisation buying and taking ownership of seed cotton from farmers and selling it to ginner.
Non-conforming products	Non-conforming product means any transactions between two parties which cannot fully comply with corresponding CoC Standard requirements.
Non-conformities	The non-fulfilment of a specific requirement.
Non-member BCP Suppliers	Organisations required to use the Better Cotton Platform (BCP) for purchase and sale of physical Better Cotton or Mass Balance Orders, such as fabric mills, non-lint traders (yarn/ fabric traders), vertical mills, end-product manufacturers, or sourcing agents, which are not members of Better Cotton. More information on membership can be found at: https://bettercotton.org/better-cotton-platform/
Organisation	The person or legal entity holding, or applying for, verification and therefore responsible for demonstrating conformity to the applicable requirements upon which Better Cotton CoC verification is based.
Outsourcing	The activities that are conducted by a sub-contractor
Physical Better Cotton	Cotton produced by licensed Better Cotton producers and traded under the physical CoC models (Segregation and Controlled Blending). Physical Better Cotton may only be sourced from suppliers registered with Better Cotton.
Physical identification of materials	Process for identifying Better Cotton within a facility. This can be done through labelling, signage or other methods.
Physical separation of materials	Ensuring that Better Cotton is kept physically separated from conventional cotton in every stage of the production process
Retailers and Brands	Any for-profit organisation selling goods or services directly to consumers or, intended for direct use of consumers.
Reviewer	A person or committee who is responsible for all information and results related to the assessment. The person/committee shall be competent and independent from the assessment.
Root Cause	The underlying cause(s) of a problem, which, if adequately addressed, will prevent a recurrence of that problem.
Second Party Assessment/Audit	Is an external assessment/audit performed on a supplier by a client or by a contracted organization for a client. In this case it will be done by Better Cotton staff or directly contracted by Better Cotton.

(2 nd Party Assessment/Audit)	
Segregation (Multi-Country)	A CoC supply chain model that requires separation of physical Better Cotton and conventional cotton from farm level onwards and does not allow mixing or substitution between physical Better Cotton and conventional cotton. The model is applied when the physical Better Cotton originates from multiple (more than one) countries.
Segregation (Single Country)	A CoC supply chain model that 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.
Self-Assessment	The process that each organisation shall undertake to assess their own compliance against the requirements of the Better Cotton Chain of Custody Standard. This shall be submitted to the Better Cotton team annually.
Site	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. All sites involved in the CoC for physical Better Cotton shall be registered separately with Better Cotton.
Sourcing agent	A company that buys finished products from end-product manufacturers and sells these products to retailers and brands.
Spinners	Processors of textile fibres and/or filaments and making them into yarn. Spinners buy fibres and sell yarn. Spinners may also buy or sell spinning wastage, such as combers.
Subcontracting	The act of employing/leasing an outside company to complete internal business activities or tasks.
Subcontractor	An independent company contracted or taken on lease by an organisation for any activities covered by the organisation's Chain of Custody requirements. Middlemen are not considered subcontractors.
Supplier/ manufacturer	Any organisation that runs for-profit activity within the cotton supply chain beyond the farm-gate and before the retail, from buying and selling to processing. This definition excludes middlemen as well as agents and brokers.
Temporal separation of materials	Ensuring that Better Cotton is kept separated from conventional cotton typically by processing the different types of cotton at different times or by batches.
Third Party Assessment/Audit	A process to assess an organisation's compliance and implementation of a set of requirements, in this case the Better Cotton Chain of Custody Standard and associated normative documents.



Third Party Verifier	An independent and competent organisation responsible for assessing an organisation's compliance and implementation of a set of requirements, in this case the Better Cotton Chain of Custody Standard and associated normative documents.
Upstream supplier	Those parties that source raw material inputs (cotton) to send to the next actor in the supply chain
Vertically integrated spinners	Where production is managed from start to finish conducting the yarn preparation such as carding, drawing and spinning, all the way through weaving/knitting and the dyeing and finishing of apparel
Vertical mills	Processors of textile yarn and/or filaments and making them into fabric and end-product. Vertical mills buy yarn and sell fabric/ end-products.