

THE BETTER COTTON ASSURANCE PROGRAMME

APPLICABLE FROM 2018-19 SEASON

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This document presents an overview of the Better Cotton Assurance Programme, including the roles and responsibilities of different stakeholders in assurance, key assurance mechanisms, and the licensing process. The Assurance Programme is applicable to the Better Cotton Principles and Criteria.

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Preamble

To fully understand Better Cotton Assurance Programme, it is important to first engage with the broader ambitions of the Better Cotton Standard System and recognise how assurance contributes to their achievement. BCI was formed by stakeholders from across the cotton sector with a specific intention: to offer an inclusive, efficient approach to more sustainable cotton production through continuous improvement, with the potential to reach a large number of farmers globally and enable transformational change. The fundamental goal is to maximise impact through scale, creating a mainstream solution to the cotton sector's enduring sustainability challenges. Therefore, from its inception, the Better Cotton Standard System has differed from traditional certification systems, moving beyond compliance and emphasising capacity building and continuous improvement.

What characterises BCI's approach as a standard system?

- **Capacity Building focus:** BCI emphasises upfront investment in capacity building, working through local partners to ensure farmers are supported to continuously improve. This means farmers benefit from ongoing training regardless of baseline performance level or their compliance status.
- **Accessibility for smallholders:** 99.4% of cotton farmers participating in the Better Cotton Standard System are smallholders (as of the 2016-17 season). BCI was designed from the onset to enable smallholder farmers to participate in the programme and to benefit from learning and capacity building opportunities. The BCI model has been designed to be cost-neutral for smallholder farmers, and organises these farmers into 'Producer Units' with a designated Producer Unit Manager and staff of Field Facilitators who work directly with farmers.
- **Systematic results monitoring:** BCI monitors overall progress in sustainability improvements through systematic measurement of Results Indicators on BCI farms. This annual data helps BCI and its stakeholders understand the effectiveness of the Better Cotton Standard System in achieving its expected environmental, economic, and social outcomes.
- **Driving transformation through brand and retailer sourcing commitments:** Unlike many certification schemes, BCI's market demand is driven primarily by the sustainable sourcing strategies of brand and retailer members, rather than by consumer-facing product claims. BCI does not certify or label specific products as containing 'Better Cotton.' Instead, BCI uses a mass balance supply chain model to ensure that retailer and brand sourcing commitments are connected to greater production of Better Cotton at farm level, and support continuous improvement of BCI farmers.
- **National embedding strategy:** BCI's long term vision is that Better Cotton production becomes embedded in national cotton governance structures. BCI is working with strategic national and regional partners, either governmental institutions or industry or producer associations, to build their capacity to take full ownership of Better Cotton implementation, eventually operating independently of BCI.

BCI's unique ambition and desired scale, impact, and operational efficiency inevitably require an innovative approach to assurance. BCI has therefore designed an Assurance Programme that encourages, supports, and monitors continuous improvement, with a level of rigour that aligns with BCI's objectives and Claims Framework and emphasises accessibility and efficiency.

How does BCI's Assurance Programme differ from more traditional models?

- Emphasises continuous improvement through a defined set of core and improvement indicators and ongoing farmer training.
- Utilises multiple types and layers of internal and external assessment, engaging diverse stakeholders in the assessment process rather than only relying on 3rd party auditing.
- It is cost neutral for small and medium farms – this makes the BCI model accessible for millions of smallholder cotton farmers worldwide.
- Seeks to leverage the diverse benefits that each type of assessment offers by combining them through a partly risk based and partly random standardised sampling approach.
- Fully integrates Results Indicators reporting as a Minimum Requirement to ensure sustainability improvements are measured and learned from.

These features ensure the Assurance Programme safeguards the credibility of Better Cotton and BCI while also supporting the achievement of BCI's organisational objectives. The details of the Programme are explained in the following sections.

1. Introduction

The Better Cotton Assurance Programme is a critical component of the Better Cotton Standard System, which aims to improve livelihoods and economic development in cotton producing areas and reduce the environmental impact of cotton production. The Assurance Programme provides a framework for farmers to participate in a continuous cycle of learning and improvement, and is the central mechanism for assessing Producer¹ compliance with the Minimum Requirements for licensing.

Farms are differentiated by three categories (smallholders, medium farms and large farms) in recognition of differences in the production methods and workforces they use. Smallholders and medium farms are grouped into Producer Units, while Large Farms go through the assurance process on an individual basis. Smallholders are further organised into Learning Groups of approximately 35 farmers to facilitate organisation and learning.

To receive a licence to sell Better Cotton, Producers must first demonstrate that they comply with a set of Minimum Requirements, consisting of the Core Indicators of the Better Cotton Principles and Criteria, and 'Reporting on Results' Indicators. These requirements ensure that licensed Producers meet clear minimum standards for pesticide use, soil and water management, decent work, record keeping, training, and other areas. They also ensure that Producers collect farm-level data to support continuous improvement and evidence-based learning.

Achieving the Minimum Requirements is just the first stage of participation in the BCI programme. Producers are expected to commit to continuous improvement in sustainability, and to make progress in fulfilling additional Improvement Indicators. Producers who perform strongly on the Improvement Indicators are rewarded through extended licence periods: the better the performance, the longer the licence.

¹ In the BCI system, a 'Producer' refers to either an individual Large Farm, or a Production Unit (organized group) of small or medium farms. In the BCI system, compliance with the Better Cotton Principles and Criteria is assessed at Producer level, and licensing to sell Better Cotton is also determined at Producer level.

The Better Cotton Assurance Programme maintains rigour and credibility through complementary internal and External Assessment mechanisms: Self-Assessment at Producer level, 2nd Party Credibility Checks (2PCC) by BCI and/or Partners, and 3rd Party Verification (3pv) by independent verifiers. The corroboration of these assessments and the analysis of any discrepancies informs the licensing decision.

1.1 Purpose of the Better Cotton Assurance Programme

The Better Cotton Assurance Programme is designed to:

- Assess whether Producers have reached a set of Minimum Requirements and can therefore receive a licence to sell Better Cotton;
- Enable learning and continuous improvement by monitoring progress against Core and Improvement Indicators, and identifying improvement opportunities;
- Provide an incentive for Producers to continuously improve their level of performance against Better Cotton Principles and Criteria;
- Measure sustainability performance and improvements through the collection of the Better Cotton Results Indicators.

2. Stakeholders in the Better Cotton Assurance Programme

This section highlights the key stakeholders and their generic role in the Assurance Programme, although the structure of cotton production systems as well as the roles of the organisations involved in cotton production will vary across regions.

2.1 Roles and Responsibilities of Stakeholders in Assurance

Roles	Responsibilities
FARMER	
<p>In recognition of the differences in production methods and workforce among cotton farmers, and differences in capacity to improve cotton production practices, farmers are categorised as follows:</p> <ul style="list-style-type: none"> ➤ Smallholders: <p>Farmers who are not structurally dependent on permanent hired labour, and whose farm size does not exceed 20ha of cotton. Self-Assessment and licensing is done at Producer Unit level (through an Internal Management System).</p> <ul style="list-style-type: none"> ➤ Medium Farms: <p>Farmers who are structurally dependent on permanent hired labour, and whose farm size is between 20 to 200ha of cotton. Self-Assessment and licensing is done at Producer Unit level (through an Internal Management System).</p>	<ul style="list-style-type: none"> ➤ Apply learning from trainings and carry out activities to increase the sustainability of farming practices ➤ Maintain a Farmer Field Book ➤ Participate in the Self-Assessment process in the case of Large Farms.

<p>➤ Large Farms:</p> <p>Farmers who are structurally dependent on permanent hired labour, and whose farm size is above 200ha of cotton. Self-Assessment and licensing is done at individual level.</p>	
<p>LEARNING GROUP (LG) for smallholders only</p>	
<p>Smallholders are organised into Learning Groups to provide an environment for farmers to meet, learn about more sustainable practices, and discuss progress and challenges. Learning Groups also provide a means to teach farmers how to use and learn from Farmer Field Books, enabling Field Facilitators to collect Results Indicator data.</p> <p>A lead farmer is identified for each Learning Group based on the existing leadership of the group. Lead farmers are expected to facilitate the learning of all LG members.</p> <p>The LG size should be defined according to local circumstances (e.g. farm size, transport logistics of seed cotton), with an optimal LG size of 35 farmers (minimum 25/ maximum 40).</p>	<ul style="list-style-type: none"> ➤ Participate in training on more sustainable farming practices, to support the achievement of the Minimum Requirements and Improvement Indicators. ➤ Lead farmers to take the initiative in supporting other farmers to keep records and adopt the practices promoted in the training programme.
<p>FIELD FACILITATOR (FF)</p>	
<p>Field Facilitators play an important role in enabling Learning Groups and medium farms to continuously improve by providing ongoing support during the season.</p> <p>Field Facilitators are selected, paid, and trained by Implementing Partners. The role requires appropriate facilitation skills to effectively train farmers and promote the uptake of sustainable practices. An optimal ratio is a maximum of 10 Learning Groups per Facilitator (350 farmers) in the context of smallholders, though this number largely depends on existing local realities.</p> <p>The number of Field Facilitators per LG/ PU expected to go down as the Producer Unit becomes more experienced. Field Facilitators build the capacity of farmers through training and support, and as farmers' confidence and competence grows, BCI envisions that lead farmers will gradually replace facilitators.</p>	<ul style="list-style-type: none"> ➤ Participate in training as required by the Implementing Partner and/or BCI. ➤ Categorise farmers into their appropriate category and form Learning Groups in the case of smallholders. ➤ Train farmers on more sustainable farming practices, to support the achievement of the Better Cotton Principles and Criteria. ➤ Monitor progress on the Minimum Requirements and Improvement Indicators. ➤ Support communication between farmers. ➤ Facilitate the 2nd Party Credibility Check and 3rd Party Verification process with smallholders and medium farms. ➤ Facilitate the collection of data from smallholders and medium farms.

PRODUCER UNIT (PU) AND PU MANAGER

Learning Groups or medium farms are classed together to form a Producer Unit (PU). Each PU has an Internal Management System (IMS) in place, coordinated by a dedicated Producer Unit Manager (PU Manager). Each PU must have its own PU Manager.

The PU Manager is selected by the Implementing Partner and trained by BCI. They need to fully master the Better Cotton Principles and Criteria and the requirements of the Better Cotton Assurance Programme.

The size of a PU will depend on local circumstances though the optimal size is between 3,500 to 4,000 farmers for smallholders with a maximum of 100 LGs. In the case of medium farms the optimal size is 100 farmers per Producer Unit.

Different categories of Producers are not mixed in the same Producer Unit.

- Participate in training as required by BCI and the IP.
- Coordinate the Internal Management System.
- Conduct internal assessment on a sample of farmers in the unit to inform the Self-Assessment process
- Conduct annual Self-Assessment on Minimum Requirements and Improvement Indicators.
- Develop Continuous Improvement Plan and review it on an annual basis.
- Operate a system to collect, compile and report accurate data from farmer to Producer Unit (and to BCI).
- Identify and address issues/risks associated with potential non-compliance.
- Plan/enforce implementation of corrective actions resulting from monitoring of activities.
- Develop necessary training material for farmers (with support from Implementing Partner).
- Accommodate any 2nd Party Credibility Checks or 3rd Party Verifications carried out by participating in interviews and supporting the documentation review.

IMPLEMENTING PARTNER (IP)

Implementing Partners (IPs) are organisations interested in working with farmers to achieve more sustainable farm practices. They are linked to BCI through a specific contract—the Implementation Partnership Agreement. They are responsible for creating an enabling environment for the farmers to participate in the Better Cotton Standard System and to grow and sell Better Cotton.

There is no restriction on who can be a BCI Implementing Partner (IP), although all IPs must first be members of BCI. IPs can include producer organisations, garment manufacturers, ginners, NGOs, and government institutions, among others.

BCI selects and monitors IPs through a consistent and stringent endorsement and monitoring process shared transparently with partners.

- Support Producer Unit in conducting their activities. The IP is responsible for building the capacity of PU Managers so that they have the knowledge and skills required to manage the PU successfully.
- Carry out 2nd Party Credibility Checks on PUs (including the preparation of corrective actions). 2PCC must be conducted by an IP staff member senior to the PU Manager (PU Managers are not eligible to conduct 2PCC).
- Share best practices with BCI.

BCI SECRETARIAT: SENIOR ASSURANCE MANAGER

Senior Assurance Managers are responsible for the planning, execution and reporting of the Better Cotton Assurance Programme in all countries. They lead the BCI Global Assurance Team, comprising of Programme Officers and Coordinators within country teams. They oversee the scheduling of assurance activities, including 2nd Party Credibility Checks and 3rd Party Verifications. They are accountable for all compliance and licensing decisions.

- Develop country level annual Assurance Programme plans.
- Build the capacity of the Global Assurance Team.
- Maintain oversight on External Assessment quality.
- Take the licensing decision for Producer Units and issue licences.
- Take the licensing decision for Large Farms based on 3rd party verifier recommendation, and issue licences.
- Review and sign-off corrective action plans (CAP).
- Maintain oversight on CAP implementation.
- Support the assessment of appeals as required.
- Support regional 3rd party verifier approval process and capacity.
- Ensure accuracy of assurance data in the BCI Online Project Database.
- Implement system improvements.

BCI SECRETARIAT: PROGRAMME OFFICER / COORDINATOR

Programme Officers / Coordinators operate at the country level and are accountable to the regional Senior Assurance Manager for the implementation of Assurance Programme activities and protocols. They conduct 2nd Party Credibility Checks on Producer Units and support the Assurance Managers on licensing decisions.

- Conduct risk analysis on all PUs eligible for licensing (can be delegated to relevant staff).
- Conduct 2nd Party Credibility Checks on Producer Units in line with sampling requirements.
- Review Producer Unit Self-Assessment.
- Support 3rd Party Verification process (and conduct shadow verification of verifiers).
- Prepare Corrective Action Plan and Improvement Recommendations for Producer Units on the basis of External Assessment (2nd Party Credibility Check or 3rd Party Verification).
- Make licensing recommendations for Producer Units.
- Collect and collate Results Indicator data from each Producer Unit.

BCI SECRETARIAT: DIRECTOR OF STANDARDS AND ASSURANCE

As leader of the Standards and Assurance Team, the Director of Standards and Assurance ensures the Assurance Programme is improved, consistently understood, and implemented in a credible manner. This includes overseeing the development of internal protocols, guiding system improvements based on oversight activities, and developing innovations in assurance to support BCI's long-term mission.

The Director of Standards and Assurance is responsible for approving licence cancellation, for overseeing the provision of assurance training, and for overseeing internal and external oversight activities.

- Oversee the development and improvement of the Better Cotton Assurance Programme on an ongoing basis.
- Oversee the development and provision of training on assurance activities to relevant stakeholders.
- Approve licence cancellations.
- Guide system improvements based on internal and external oversight activities

STRATEGIC PARTNER

BCI engages with various institutions in medium & long-term alliances to foster Better Cotton production worldwide. Typically these partnerships cover specific geographical areas and involve mutual commitment from the partners, as well as specific complementary skills and abilities provided by all parties.

These partners take significant leadership for Better Cotton in their specific area and they aim to fully operate on behalf of BCI. They are linked to BCI through a specific contract—Strategic Partnership Agreement.

BCI selects and monitors Strategic Partners through a consistent and stringent endorsement/monitoring process shared transparently with partners.

- Operate on behalf of BCI in partnership countries
- Carry out operational elements of the Assurance Programme in country, e.g. 2nd Party Credibility Checks, Results Indicator data collection, and licensing recommendations.

INDEPENDENT VERIFIER

3rd Party Verification is a critical component of the Assurance Programme. 3rd party verifiers are independent parties approved by BCI. 3rd party verifiers are nationally based.

- Complete BCI's Approval Process for verifiers
- Participate in any required refresher training and calibration activities
- Implement improvements based on annual evaluations
- Conduct 3rd Party Verification visits and prepare verification reports.
- Make the recommendation on licensing and licence duration in the case of Large Farms.

EXTERNAL OVERSIGHT BODY

BCI is committed to ensuring the continued effectiveness and integrity of its Assurance Programme through external oversight.

External oversight activities are conducted as part of periodic system reviews, and can only be performed by an independent body. The oversight mechanism serves to determine the consistency of assurance implementation, assess the competence of assurance providers, and identify challenges, risks, and areas for improvement in the Assurance Programme at large. The S&A Team uses the findings of external oversight as the basis for system improvements.

- Conduct desk analysis of the management system for licensing decisions.
- Conduct interviews and shadow verifications with external assessors and assurance providers, and provide appraisals.
- Analyse the linkages between different actors and processes in the Assurance Programme to identify strengths and weaknesses in the effectiveness and functionality of the system as a whole.

BCI APPEALS COMMITTEE

The BCI Appeals Committee is responsible for reviewing and deciding on appeals against licensing decisions. The Appeals Committee consists of BCI Country Managers and 3rd party verifiers.

A designated Appeals Panel comprising 1-3 members from the broader Appeals Committee is appointed by the Senior Assurance Managers to review and decide on each appeal received.

- Review appeals and supporting evidence.
- Make decisions on appeals received, based on the intent of the Better Cotton Principles and Criteria and the evidence received from the Producer.
- Document the process and rationale for appeal decisions.

BCI COUNCIL

The Council's role is to ensure that BCI has a clear strategic direction and an adequate policy to successfully fulfil its mission. It guides the strategy and policy development in accordance with BCI's long term objectives and all procedures and activities in compliance with BCI's Statutes.

- To approve substantive changes made to the Better Cotton Assurance Programme.
- To decide on a grievance by an IP or PU, or refer that grievance to the BCI Grievance Management Committee (the BCI grievance management process is available on the BCI website).
- To monitor the implementation of recommendations made by the oversight body.

3. Minimum Requirements for Licensing

To earn a licence to sell Better Cotton, Producer Units and Large Farms must fulfil a set of Minimum Requirements, consisting of:

1. Better Cotton Principles and Criteria- Core Indicators
2. Reporting on Results Indicators

The fixed nature of the Minimum Requirements ensures that all licensed Producers reach a globally consistent baseline in sustainable cotton production, and enables BCI to monitor and learn from field-level results through annually reported data.

3.1 Better Cotton Principles and Criteria- Core Indicators

The Better Cotton Principles and Criteria define a set of 7 principles covering the most significant global sustainability issues associated with cotton production:

- Principle 1: Better Cotton farmers minimise the harmful impact of crop protection practices
- Principle 2: Better Cotton farmers promote water stewardship
- Principle 3: Better Cotton farmers care for the health of soil
- Principle 4: Better Cotton farmers enhance biodiversity
- Principle 5: Better Cotton farmers care for and preserve the quality of fibre
- Principle 6: Better Cotton farmers promote decent work
- Principle 7: Better Cotton farmers operate an effective management system

The 7 Better Cotton Principles are further defined through 46 criteria and a subset of 189 indicators. While the criteria are applicable to all Producer categories, the indicators are differentiated for smallholders, medium farms, and large farms, and designated as either Core or Improvement. The Core Indicators represent the minimum performance level for a Producer to qualify for licensing.

The Core Indicators were selected through a consultative, multi-stakeholder process as part of BCI's formal Standard Development and Review process. They provide the critical first steps in reducing the environmental impact of cotton and improving livelihoods among cotton farming communities. The Core Indicators are central to effective assurance, describing measurable states that can be clearly assessed to determine conformity with the associated criteria.

The Core Indicators go beyond cotton production practices by also integrating management activities. All indicators under Principle 7- Management are designated as Core, reflecting BCI's emphasis on effective management as fundamental to the achievement of the production based requirements. Management indicators ensure that farmers in PUs undergo ongoing training, that noncompliance risks are identified and remediated, that progress against production criteria is monitored and assessed, and that field level data is accurately maintained and systematically reported. The management indicators also play a vital role in safeguarding the credibility of group level licensing used for smallholders and medium farms, outlined further in Sections 4 and 5.

3.2 Reporting on Results Indicators

In addition to complying with the Core Indicators from the BCI Principles and Criteria, all Producers must also comply with requirements for 'Reporting on Results Indicators'. This refers

to collecting farm-level data on inputs, outputs, and practices – for example, water and pesticide use.

Reporting on Results Indicators is fully integrated into the Assurance Programme as a Minimum Requirement for compliance with the Principles and Criteria. The reporting is required to ensure that sustainability improvements are measured everywhere BCI projects are implemented. It is important to emphasize that this requirement focuses on the reporting of data, not the content of that data. The content of Results Indicator data and any trends/ impacts revealed are used for learning processes only, and are not a basis for disqualifying Producers or cancelling licences. Results Indicator data must be collected and reported every season. Reporting is done at Producer Unit level in the case of smallholders or at individual level in the case of medium and large farms. The data collection methodology, including the sampling procedure, is outlined in the document [Reporting on Results Indicators](#).

3.2.1 Overview of Results Indicator Reporting

	Indicators be reported	Sampling approach	Comparison data
Smallholders	1. Pesticide use 2. Fertiliser use 3. Water use 4. Yield 5. Profitability 6. Eliminating child labour through partnerships 7. Improving understanding and awareness of child labour issues 8. Inclusion of women farmers and workers in training	Representative sampling based approach at Producer Unit level	Yes
Medium farms	1. Pesticide use 2. Fertiliser use 3. Water use 4. Yield 5. Profitability 6. Eliminating child labour through partnerships 7. Improving understanding and awareness of child labour issues 8. Inclusion of women farmers and workers in training	100% - data collected from all farms	Yes
Large farms	1. Pesticide use 2. Fertiliser use 3. Water use 4. Yield	100% - data collected from all farms	No

4. Promoting Continuous Improvement

BCI requires all Producers to commit to making ongoing improvements in production practices and management policies, with the aim of leading to better sustainability outcomes over time. The Better Cotton Principles and Criteria and the Better Cotton Assurance Programme are designed to work together in supporting Producers to adopt a continuous improvement approach. As part of the management criteria required for licensing, all Producers must have a Continuous Improvement Plan (CIP) in place. This ensures that from the outset of participation,

Producers engage in a planning process to define improvement goals, prioritise interventions, implement improvement actions, and monitor and review progress at field level.

By distinguishing ‘Core Indicators’ from ‘Improvement Indicators’ the Better Cotton Principles and Criteria are structured to support Producers in understanding their level of performance and identifying the greatest areas for improvement. Empowering the Producers to tailor the CIP to their performance level allows for a continuous improvement approach relevant to field-level realities and resources.

To support the continuous improvement process and incentivise progress, the Better Cotton Assurance Programme utilises Self-Assessment to measure Producers’ performance on Improvement Indicators, and rewards high performing Producers through an extended licence period (see section 5.1 for details). The Self-Assessment process also enables BCI to provide feedback to Producers on their performance on Improvement Indicators as compared to peers who are in the same farmer category and country, and working with the same partner organisation. This allows Producers to identify weak areas and develop or refine their CIP goals, while also enabling them to learn from existing good practices.

5. Assurance Mechanisms

5.1 Self-Assessment

Self-Assessment is one of the fundamental tools of the Better Cotton Assurance Programme. Self-Assessment gives PU/LF Managers an active role to play in assurance, requiring them to take primary responsibility for monitoring and reporting on performance. The Self-Assessment process includes the following components:

- PUs: conduct internal assessment on Learning Groups and farms throughout the season, as part of the Internal Management System
- LFs: Monitor performance and ensure consistent operations throughout the season
- PUs/LFs: complete the online Self-Assessment survey and submit it to BCI 4 weeks before the beginning of harvest

	Smallholders/medium farms	Large farms	Intensity
Self-Assessment	Producer Unit level (based on Internal Management System)	Individual level	Annually

The online Self-Assessment survey covers the entirety of the Better Cotton Principles and Criteria. It automatically generates an indication of compliance or noncompliance with the Core Indicators, which feeds into the decision-making process for licensing (Section 6). The Self-Assessment survey also utilises an embedded scoring system on the Improvement Indicators to determine the Producer’s performance band:

- **Pass**– Producers who have met the Minimum Requirements and are at an early stage of improvement
- **Advanced Level**– Producers who have demonstrated significant progress on improvement indicators
- **Masters Level**– Producers who are working at an advanced level and who have achieved the majority of improvement indicators

The performance band reported in Self-Assessment is cross-checked through the sample-based External Assessment process (Section 5.2). High performing Producers are rewarded through a lower intensity of External Assessment and an extended licence period– the better the performance, the longer the licence:

Performance Level	Licence Duration
Pass	1 year
Advanced	3 years
Masters	5 years

If the PU/LF Manager does not submit the Self-Assessment survey by the required date, the Producer is not eligible for licensing for that year. An extension request process is available to account for extenuating circumstances.

5.1.1 Internal Management System (Producer Units)

As described previously, smallholders and medium farms participating in the BCI system are organized into Producer Units (PUs). Assurance mechanisms and licensing decisions are applied at the level of the PU, which requires each PU to have in place an effective Internal Management System to monitor all participating farmers, assess their compliance with the Core Indicators and ensure they receive capacity building to drive continuous improvement.

The PU Manager is responsible for setting up and operating the Internal Management System and to conduct ongoing internal monitoring to gauge whether Learning Groups and individual farmers within the PU are performing consistently. This system provides PU Managers with a clear basis for reporting on the overall performance of the PU. The specific requirements of the Internal Management System for Producer Units are identified through the Core Indicators of Principle 7 (Management). A summary of the actions required by PU Managers, Field Facilitators, and farmers to fulfil the Internal Management System is presented below:

PU Manager

- Participate in training delivered by BCI and attend any subsequent refresher training (as required by BCI)
- Train and build the capacity of Field Facilitators
- Develop a continuous improvement plan and review progress on annual basis
- Develop a protocol to identify workers on the farm and train them on all relevant aspects of Decent Work
- Set up and operate a data management system
- Identify and address issues/risks associated with implementation/ potential nonconformities
- Plan/ enforce implementation of corrective actions resulting from monitoring activities
- Conduct Internal assessment on 10% of the Learning Group (for smallholders) or 10% of medium farms
- Ensure that training materials are available for facilitators and farmers to cover all the Principles and Criteria
- Cooperate with Implementing Partners, BCI or verifiers during External Assessment
- Provide feedback to farmers

Field Facilitators

- Participate in training delivered by BCI and/or the partner organisation
- Prior to the first growing season conduct a number of awareness raising meetings on the issues of sustainability in the cotton sector (tailored to the local situation and the production systems) and the requirements of the Better Cotton Principles and Criteria for farmers to take an informed decision on whether they want to participate as Better Cotton farmers or not
- Categorise farmers into smallholders or medium farms
- Group farmers into Learning Groups (for smallholders only)
- Provide training to farmers on the Better Cotton Principles and Criteria during the cotton growing season
- Ensure that farmers can maintain a Farmer Field Book and learn from it
- Assess the level of adoption/progress at Learning Group / medium farm level

Farmers

- Participate in training throughout the season
- Fill in the Farmer Field Book with support from facilitators
- Carry out activities to meet the practices promoted in training
- Participate in review of progress with facilitators

5.2 External Assessment

The Assurance Programme utilises several types of External Assessment to complement the Self-Assessment process:

- 2nd Party Credibility Checks by BCI Assurance Staff (or Strategic Partners operating on behalf of BCI in partnership countries)²
- 2nd Party Credibility Checks by Implementing Partners
- 3rd Party Verification by independent verifiers

The general objectives of the External Assessments are to:

- Check in situ the status of farmers/Producer Unit against the Core and Improvement Indicators
- Support the farmers/Producer Unit in identifying both areas that are going well and areas for improvement
- Review the effectiveness of the Internal Management System and identify systemic/incidental non-conformity (in the context of Producer Unit licensing)
- Validate the performance band reported in the Self-Assessment survey
- Enable corrective action to take place
- Provide the BCI Assurance Managers with a sufficient level of confidence to decide about whether to issue a licence to sell Better Cotton (in the context of Producer Unit licensing)

An External Assessment includes the following components:

1. Gather information from local sources (for 3rd Party Verification only)
2. Management Interview
3. Farmers interview
4. Workers interview
5. Documentation review
6. Visual inspection

² BCI Assurance Staff include Programme Officers and Programme Coordinators.

7. Analysis and reporting

External Assessment allows for the identification of corrective actions and improvement recommendations, supporting Producer Units and farmers to remediate nonconformities and identify focus areas for their Continuous Improvement Plan.

5.2.1 External Assessment Sampling Requirements

The applicability of External Assessment is determined through a combination of risk-based and randomised sampling, and differs by farmer category. All PUs are categorised by risk at the start of the season using a prescribed risk analysis tool. Once the risk categorisation is complete, sampling is conducted through an automated process in BCI's Online Project Database. The sample for each type of External Assessment can only be generated once per season. Large Farms follow a simple methodology for External Assessment, with 100% required 3rd Party Verification.

5.2.2 Sampling by External Assessment Type for Producer Units³

Type of assessment	Producer Units
Minimum Requirements and Improvement Indicators	
2nd Party Credibility Checks by BCI	<ul style="list-style-type: none"> ➤ 10% of Low Risk PUs at random ➤ 25% of Average Risk PUs at random ➤ 50% of High Risk PUs: all PUs with systemic non-conformity the previous season⁴ not included in 3PV sample are automatically selected, while the balance is randomly selected among High Risk PUs. ➤ Balance of the 10% highest performers on Self-Assessment that were not selected in the risk-based 2PCC sample or 3PV sample <p>At a minimum one PU per project is checked</p>
Minimum Requirements	
3rd Party Verification	<ul style="list-style-type: none"> ➤ Square root of the number of PUs at country level, of which 50% are at random and 50% are selected by BCI
2nd Party Credibility Checks by Implementing Partners	<ul style="list-style-type: none"> ➤ 50% of PUs working under each IP, selected at random

³ Sample sizes are always rounded up to the nearest whole number. The starting pool for External Assessment sampling includes all PUs due for licensing: New PUs, PUs with an expiring licence, PUs with a denied or cancelled licence the previous participating season and PUs with a change in composition >33% compared to the previous season. BCI Assurance Staff always have the right to conduct additional External Assessment beyond the mandatory samples, to be determined at their own discretion.

⁴ Referred to as High Risk – Mandatory PUs.

6. Licensing Decisions

The decision making for licences is carried out by:

- BCI Senior Assurance Manager in the context of Producer Unit licensing (smallholders / medium farms)
- 3rd party verifiers in the context of Large Farm licensing

6.1 Producer Unit licensing

For Producer Units, the licensing decision is taken by the BCI Senior Assurance Manager on the basis of Self-Assessment and External Assessment outcomes. The decision-making process is conducted according to a clearly defined internal protocol. The protocol requires the use of a Licensing Scorecard tool that corroborates assessment outcomes to generate an automated licensing result. If the scorecard identifies any discrepancies between assessment findings (e.g. a 2nd Party Credibility Check shows compliance, but a 3rd Party Verification indicates non-compliance), the Assurance Manager must analyse the findings of all assessments and provide an evidence-based rationale for the final compliance decision. A single licence is issued for all farmers in a compliant PU.

The duration of the licence is determined by the Producer Unit's performance on Improvement Indicators, as reported in the Self-Assessment. As part of the licensing process, the findings of 2nd Party Credibility Checks by BCI and/or 3rd Party Verification are cross-checked with the Self-Assessment results. If less than 80% of Improvement Indicator themes are validated, the licence is automatically reduced to one year.

Decision-making mechanisms for Producer Unit level licensing (smallholders/medium farms):

	Compliance with Minimum Requirements	Performance on Improvement Indicators
Licence	Licence to grow Better Cotton (yes/no)	Duration of the licence (1,3,5 years)
Decision Making	BCI Senior Assurance Manager	Automatic (based on scoring system) – Senior Assurance Manager can reduce the duration of the licence based on External Assessment
Basis for Decision	BCI Licensing Protocol: corroboration of Self-Assessment, 2nd Party Credibility Checks and 3rd Party Verification, using a standardised Licensing Scorecard	Self-Assessment, 2nd Party Credibility Checks

6.2 Large Farm licensing

For Large Farms, the licensing recommendation is made by the 3rd party verifier based on the outcome of Self-Assessment and the 3rd Party Verification visit. The licensing decision is made by the BCI Senior Assurance Manager on the basis of the recommendation of the 3rd party verifier.

The duration of the licence is determined by the Large Farm’s performance on Improvement Indicators. The 3rd Party Verification visit validates the performance reported in the Self-Assessment. As with Producer Units, if fewer than 80% of Improvement Indicator themes are validated during the 3rd Party Verification visit, the licence is automatically reduced to one year.

Decision-making mechanism for Large Farm licensing:

	Minimum Requirements	Improvement Requirements
Licence	Licence to grow Better Cotton (yes/no)	Duration of the licence (1,3,5 years)
Decision Making	Senior Assurance Manager based on the outcome of the 3rd Party Verification visit	Senior Assurance Manager based on the validation of Self-Assessment score by 3rd party verifier
Basis for Decision	Corroboration of Self-Assessment and 3rd Party Verification	Corroboration of Self-Assessment and 3rd Party Verification

6.3 Non-conformities

In the Producer Unit context, the External Assessment non-conformity findings and supporting evidence are recorded and graded as either incidental or systemic. This distinction is made according to the severity of the finding, with consideration of the strength of the Internal Management System at PU level.

The definition and consequences for *systemic* and *incidental* non-conformities are set out below:

<p>Incidental non-conformity is defined as:</p> <ul style="list-style-type: none"> (i) Non-conformity on a Core Indicator is observed as an isolated event, limited in temporal and spatial scale, and (ii) Producer Unit has provided sufficient evidence that the Internal Management System (IMS) should prevent such practices 	<p>Systemic non-conformity is defined as:</p> <ul style="list-style-type: none"> (i) Corroborative evidence demonstrates that a Core Indicator is not respected, and (ii) Producer Unit cannot provide sufficient evidence that the Internal Management System (IMS) prevents such practices
<p>Consequences: The Producer Unit has 6 months to implement corrective actions to prevent the identified non-conformity from re-occurring in future. The BCI Secretariat is responsible for validating the implementation of corrective actions, either through the evaluation of submitted evidence, or by ensuring a follow-up External Assessment is conducted the following season. Failure to remediate the incidental non-conformity in the given timeline results in cancellation of the licence.</p>	<p>Consequences: The Producer Unit is denied a licence. If the systemic non-conformity is identified during an active licence period, the Producer Unit’s licence is cancelled immediately. In both cases, the Producer Unit may re-apply for licensing the following season, and will be subject to a mandatory External Assessment.</p>

For Large Farms, there is no distinction between incidental and systemic non-conformities. Any non-conformity with a Core Indicator will lead to a licence cancellation or denial for a Large Farm.

6.4 Licence cancellation and denial

BCI operates a formal licence cancellation protocol, ensuring that the Director of Standards and Assurance approves all cancellations and that records of cancellation are systematically maintained. Should a licence be cancelled, the Producer will receive a letter informing them of the following:

- That the Producer is no longer able to trade any cotton as Better Cotton
- A confirmation of the volume of cotton already sold as Better Cotton under the licence (if any), and notification that this amount will be subtracted from any future licensed volumes.

When a licence is denied or cancelled, the Producer can reapply for a licence from the following season, but will receive a mandatory External Assessment visit.

6.4.1 Producer Unit Licence Cancellation and Denial

For Producer Units (smallholders/ medium farms), licences can be cancelled or denied in the following cases:

1. **Systemic non-conformity on a Core Indicator:** any systemic non-conformity raised against a Core Indicator results in a denial or cancellation of the licence, as it demonstrates that the PU has not met BCI's Minimum Requirements for licensing.
2. **Failure to implement corrective actions on an incidental non-conformity:** If a PU does not implement satisfactory corrective actions on incidental non-conformity within 6 months, the PU's active licence is cancelled. If a pattern of incidental non-conformities occurs across successive External Assessments, it may be escalated to a systemic non-conformity.
3. **Non-submission of Results Indicators:** the submission of Results Indicators to BCI is a Minimum Requirement to receive or retain a licence to sell Better Cotton. Licences granted in advance of the annual Results Indicator submission deadline are always considered conditional. Licences can also be cancelled if Results Indicator data is:
 - Submitted after the deadline⁵
 - Incomplete
 - Systemically erroneous (e.g. fertilizer data in place of pesticide data)
 - Falsified or Fabricated
4. **Additional Cause for PU Licence Cancellation:** A Producer Unit's active, multi-year licence must be cancelled should any of the following circumstances occur:
 - The PU stops growing cotton
 - Non-submission of Self-Assessment survey 4 weeks before harvest
 - Non-submission of Results Indicator Data
 - The PU undergoes >33% change in farmer composition compared to the previous season

⁵ As with Self-Assessment, an extension request process is available in extenuating circumstances.

6.4.2 Large Farm Licence Cancellation and Denial

The licence for a Large Farm can be denied or cancelled in the following cases:

1. Non-conformity with any of the Core Indicators
2. Non-submission of Results Indicator Data (item 3 under 6.4.1 applies to LFs)
3. Non-submission of Self-Assessment survey 4 weeks before harvest⁶

7. Appeals Process

Under the Better Cotton Assurance Programme, Producers can appeal against a licensing decision within 7 days of being informed of the licensing decision. Appeals must be filed using the dedicated Appeals Form found on the [Assurance Programme page](#) of the BCI website.

Appeals received by the BCI Secretariat are first reviewed for eligibility. Appeals are considered ineligible for processing if they are received after the deadline, the appeals form is incomplete, or if they do not contain sufficient evidence to support the appeal.

Decisions on eligible appeals are made by a subset of members from BCI's Appeals Committee, which is comprised of BCI Country Managers and 3rd party verifiers. Within 14 days of receiving an eligible appeal, BCI's Assurance Managers will designate a specific panel composed of 1-3 members of the Appeals Committee, who will review and decide on the appeal in question. The names of these members will be shared with the appellant in writing. Members of the panel are selected based on impartiality, technical knowledge of the relevant BCI principles covered by the appeal, understanding of local context, and availability. The panel will exclude any members with conflicts of interest – for example, a 3rd party verifier who has previously carried out a verification visit for the Producer in question.

The dedicated appeals panel will review and decide on an appeal within 30 days of receipt of the appeal. The appellant will be notified in writing of the decision and the rationale. All appeal decisions are final.

8. Oversight Mechanism

BCI is committed to ensuring the continued effectiveness and integrity of its Assurance Programme through external oversight. External oversight activities are conducted as part of periodic system reviews, and are performed by an independent body at least every 3 years. Details of BCI's oversight mechanism are outlined in the publicly available [Assurance Programme System Review](#) document.

9. Final Note

BCI is open to suggestions for improvement to the Better Cotton Assurance Programme from stakeholders. To submit a suggestion for improvement or for any other inquiries on the Better Cotton Assurance Programme, please email: standards@bettercotton.org

⁶ If an LF stops growing cotton while holding an active multi-year licence, the licence remains valid provided the LF fulfils the annual Self-Assessment requirement.