

BCI Chain of Custody (CoC) Advisory Group: Terms of Reference (ToR)

Date: 1 July 2020

1. Introduction

BCI is currently developing the organisation's 2030 Strategy with high-level ambitions and targets for 2021-2030. One of the focus areas is 'scaling Better Cotton production and procurement'. Under this heading we will consider the existing chain of custody and explore whether to provide a wider range of options to all supply chain players. The member-based BCI CoC Advisory Group will help ensure any new developments are commercially relevant, feasible and attractive to our multi-stakeholder membership. Though it is not a decision-making body for the organisation, the group will provide strategic advice, and allow more focused discussion on BCI's CoC programme.

This document outlines the Terms of Reference (ToR) for the CoC Advisory Group, which covers background information about BCI and its CoC models, purpose, scope of work, composition and selection criteria for its members, management, meeting frequency and format, and active period.

2. Background

The Better Cotton Initiative (BCI) is the largest cotton sustainability programme in the world. We are a joint effort – encompassing organisations all the way from farms to fashion and textile brands, and civil society organisations – driving the cotton sector towards sustainability. Together with our partners we provide training on more sustainable farming practices to more than two million cotton farmers in 21 countries. In the 2017-18 cotton season, licensed BCI Farmers produced more than five million metric tonnes of 'Better Cotton' – that accounts for around 19% of global cotton production.

The Better Cotton Standard System (BCSS) is a holistic approach to sustainable cotton production which covers all three pillars of sustainability: environmental, social and economic. BCSS has 7 elements, and each of the elements – from the Principles and Criteria (P&C) to the collection of farm-level results data – work together to support continuous improvement at the field level and protect the credibility of Better Cotton.

BCI has two formal ways it interacts with the supply chain (in addition to regular direct staff engagement, training, etc): through our Chain of Custody (CoC) Guidelines which set out requirements for organisations in the supply chain who are buying or selling Better Cotton or Better Cotton products; and through our online system Better Cotton Platform (BCP) for

tracking purchases and sales of Better Cotton and associated Better Cotton Claim Units (BCCUs). The BCI Chain of Custody Guidelines constitute the key framework that connects demand with supply of Better Cotton to help incentivise cotton farmers to adopt more sustainable practices.

The CoC Guidelines incorporate two different chain of custody models: product segregation at the beginning of the supply chain (farm to gin) and mass-balance after the gin stage (trader/ spinner to retailer / brand). In the segregation method, the purpose is to ensure that Better Cotton is not mixed or substituted with conventional cotton. In the mass balance approach, the objective is to ensure that the quantity of Better Cotton purchased does not exceed the quantity of Better Cotton sold.

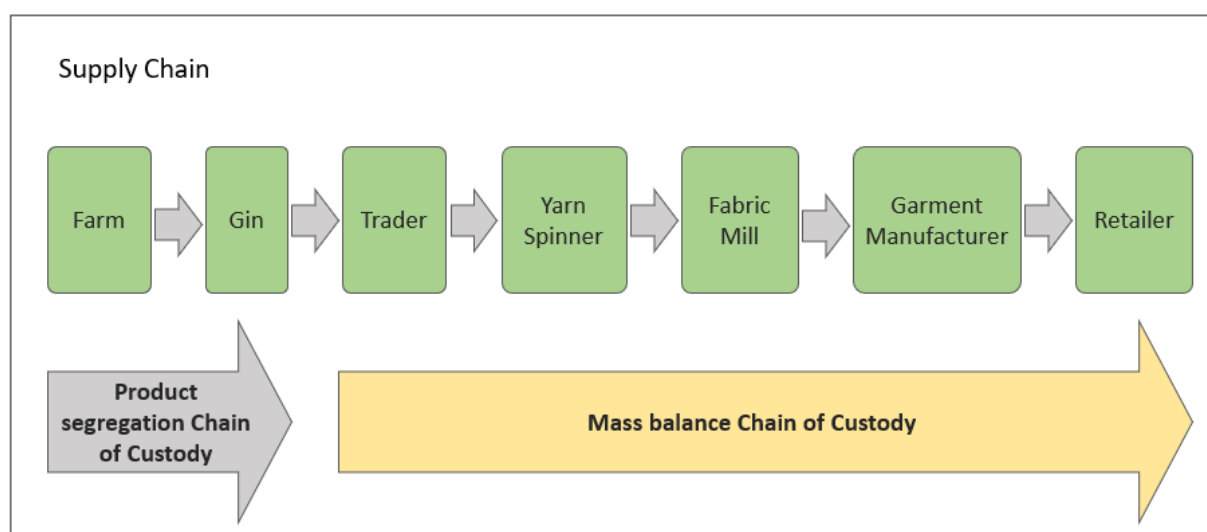


Figure 1: Better Cotton Chain of Custody models in the supply chain

3. Purpose

The purpose of the Advisory Group is to provide advice in the further development of the BCI CoC programme, covering business as usual activities¹ and projects, so that we have a good understanding on the extent of the issues affecting different stakeholders.

4. Scope of work

BCI aims to conduct a number of business-as-usual activities and projects this year, it is expected that the Advisory Group will provide high-level advice and guidance on these.

The scope of work of the Advisory Group includes:

¹ Business-as-usual activities for example include second party gin monitoring and third-party supply chain audits in key cotton producing countries: China, India, Pakistan, Turkey and Bangladesh.

- Provide advice on CoC 2020 - 2022 strategic plan balancing the interests of various stakeholder groups whilst ensuring BCI's system stays fit for purpose in leveraging demand from the market to transform cotton production;
- Provide feedback on proposed supply chain assurance developments;
- Provide input to CoC related projects, via Terms of Reference and draft reports.

5. Composition and selection criteria

The group consists of approximately 8 members, comprised from BCI membership categories, and non-member expertise. The table below shows the composition of Advisory Group from different categories.

Categories	Number of representatives
BCI membership	
Retailers and brands	4
Suppliers, Manufacturers and Traders	2 – 3
Civil Society	1
Producer organisation / benchmarked partner	1
Non-BCI membership	
Voluntary Sustainability schemes/ certification bodies/ expert on CoC	2

Representatives from BCI membership and other partner organisations may participate in the Advisory Group to ensure diversity of perspective and input from each tier of the supply chain. BCI will also invite expertise from other voluntary sustainability schemes to participate to share their knowledge. Selection criteria to serve on the Advisory Group include:

- Members are willing and able to provide their advice and expertise to BCI;
- Members are willing and able to actively share information of other relevant initiatives, or working groups they are participating in;
- Members are willing and able to actively participate in calls on behalf of their sectors/ categories and to ensure they contribute in advance if they cannot attend;
- Members have approval to represent and perform roles and responsibilities
- Members are expected to have knowledge of the following areas:
 - Current Chain of Custody models in the cotton sector or other agricultural commodities
 - Supply chain knowledge from farm (producer) to retail (either good overview of the entire supply chain, or detailed knowledge of specific tiers and supplier types)
 - Supply chain audits in the cotton sector or other agricultural commodities with similar supply chains.
 - Experience working directly or indirectly with supply chain players in the textile and apparel sector

- Experience with or knowledge of traceability and transparency in the cotton supply chain

f) Diverse membership (broad representation across membership groups)

Final membership will be confirmed by BCI Membership and Supply Chain Director based on the above criteria. We will review all applications/ nominations to verify that they meet the requirements of Advisory Group membership. In the event that there are more applications/ nominations than vacancies, the Membership and Supply Chain Director will discuss with BCI Executive Group (EG) that includes senior management staff of director level or above to seek a decision on who is appointed to the Advisory Group.

Appointments to the CoC Advisory Group are for a term of 1 year. BCI may extend the duration. BCI may invite experts to participate in discussions requiring specific expertise as necessary.

6. Management

Members participate in the Advisory Group on a voluntary basis. BCI is unable to reimburse any expenditure related to participating calls (e.g. internet/ phone costs for dialling in) nor time required to participate before, during or after the calls (e.g. reading of materials beforehand, providing feedback on documents). Participation in the Advisory Group will be public, BCI will publish the list of members on our website once the membership is finalised.

Each member must declare any conflict of interest on the agenda and/or matters arising at the beginning or during the course of the meeting. Should a conflict of interest exist, the member concerned must recuse themselves from sensitive discussions.

Members and invited experts who have been aware of the discussions shall not use their position and/or information obtained to obtain monetary gain or bid for any projects commissioned by BCI directly or indirectly through organisation with whom they are associated. For example, members and invited experts who observe discussions about developing project ToRs will not be allowed to tender, and/or participate in the tender evaluation/selection processes.

The Advisory Group will be supported and coordinated by the BCI Supply Chain Integrity Manager. BCI will be responsible for all communication, scheduling of meetings, developing of draft documents, and consolidation of expert feedback and comments.

The Advisory Group is an advisory body. BCI will review and discuss the recommendations from the Advisory Group with the aim to feed into future improvements of BCI CoC programme. Final decision making for significant changes to the BCI CoC programme remains with the BCI Multi-stakeholder Council.

7. Meeting frequency and format

Members of the Advisory Group should expect about 8 calls over 12 months, with 1-1.5 hours per call. Meetings will be conducted via conference call (e.g. Microsoft Teams, GoToMeeting, Zoom), we do not expect any face-to-face meetings during the period of engagement. We will consider times and dates suitable for members in multiple time zones.

Agendas will be developed by BCI Supply Chain Integrity Manager, and shared with members at least one week in advance, along with relevant pre-read materials. Members of the Advisory Group will be asked to spend a moderate amount of time (estimated 1.5-2 hours) to review draft documents and provide input ahead of the next call, to ensure the group can make efficient use of meetings.

Members of the Advisory Group shall respect the “Chatham House Rule” in their discussions. This means that while remarks made during meetings may be repeated, they should not be attributed to an individual member, except where an attributed comment has been included in the approved minutes of that meeting.

Minutes of the meeting and clarifications of decisions made are to be shared no more than two weeks after the meeting.

8. Active period

It is proposed that the working group undertakes its work in the period July 2020 to June 2021. The table below show a suggested timeline of engagement of the Advisory Group:

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	Jun
Finalise membership												
Kick-off call												
Regular calls												