



Chain of Custody Models for Traceability

RB traceability webinar series

July 2022



- ④ Introduction and welcomes
- ④ Why Better Cotton are exploring new Chain of Custody models
- ④ CoC models for physical traceability
- ④ Questions and next steps

Agenda



Traceability webinar series

Better Cotton will run a series of webinars for retailers and brands to inform you about our traceability programme:

8th June: Traceability programme overview 

8th July: New Chain of Custody models

20th September: Traceability technology

These webinars are aimed at Better Cotton retailers and brands however other supply chain actors are welcome to attend.

Traceability webinars for the supply chain will be held later in 2022 and 2023.

Anti-trust policy

The following topics are not to be discussed

- 🌱 Prices
- 🌱 Market share
- 🌱 Customer allocation
- 🌱 Anything that could be construed as limiting competition



Why is Better Cotton exploring traceability?

Increased demand for supply chain visibility: expectation for companies to identify, prevent, mitigate, and account for impacts across the value chain.

For cotton, this means knowing:

Origin information



Impact



Route to market



Pressure is coming from **regulators, investors and consumers.**

A brand new offering for Better Cotton members

To meet changing stakeholder needs, Better Cotton will develop new capabilities including:



Digital traceability system and platform



New Chain of Custody requirements



Evolved claims framework



Chain of Custody and Traceability

What is Chain of Custody?

Documented evidence of ownership and control of material during production, processing, shipping and sale.

Why is it important for supply chain traceability?

Chain of Custody helps us verify a product's history, including...



Who handled it

What is in the product

Where the product was manufactured

When product was manufactured or exchanges hands

The role of Chain of Custody in cotton supply chains



Increasingly referenced
in **regulation**



Authentication of high
quality goods / materials



Supply chain financing and
in-setting programmes

What is a Chain of Custody model?

A Chain of Custody model demonstrates the link (administrative or physical) between a verified unit of production and a claim about the final product

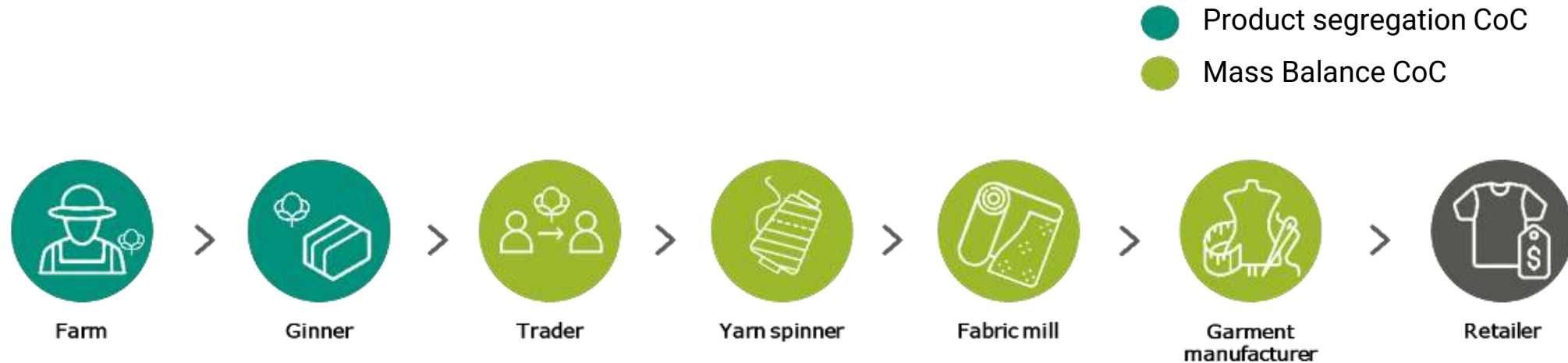
Mass balance leads to



Physical models like Segregation leads to:



Better Cotton currently runs a Mass Balance system



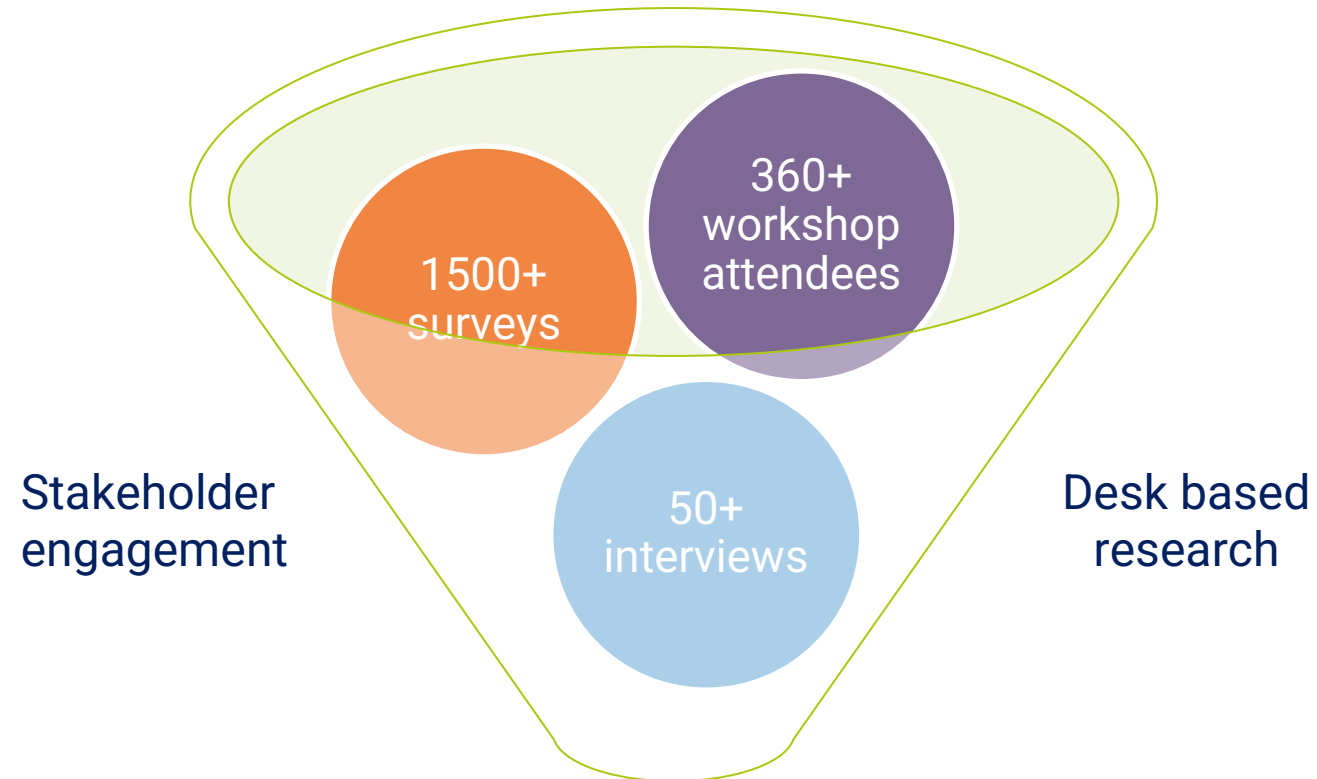
Currently an administrative mass balance system where all traceability of a product is lost.

In order to enable traceability, Better Cotton will need to introduce **new** physical CoC models as well as mass balance.



CoC Development Process

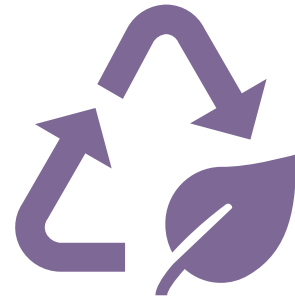
Extensive industry consultation led to the identification of our new CoC models



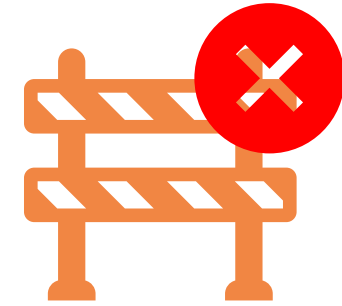
What do we need from our new CoC models



Track the
physical
movement of
cotton



Enable product
level content,
origin and
sustainability
related claims



Reduce barriers
to limit adoption

Proposed outcome

In 2023, Mass Balance will be joined by Single Origin, Segregation and Controlled Blending

Single Origin / Segregation

Better Cotton is kept separate from conventional cotton through each stage of the supply chain.

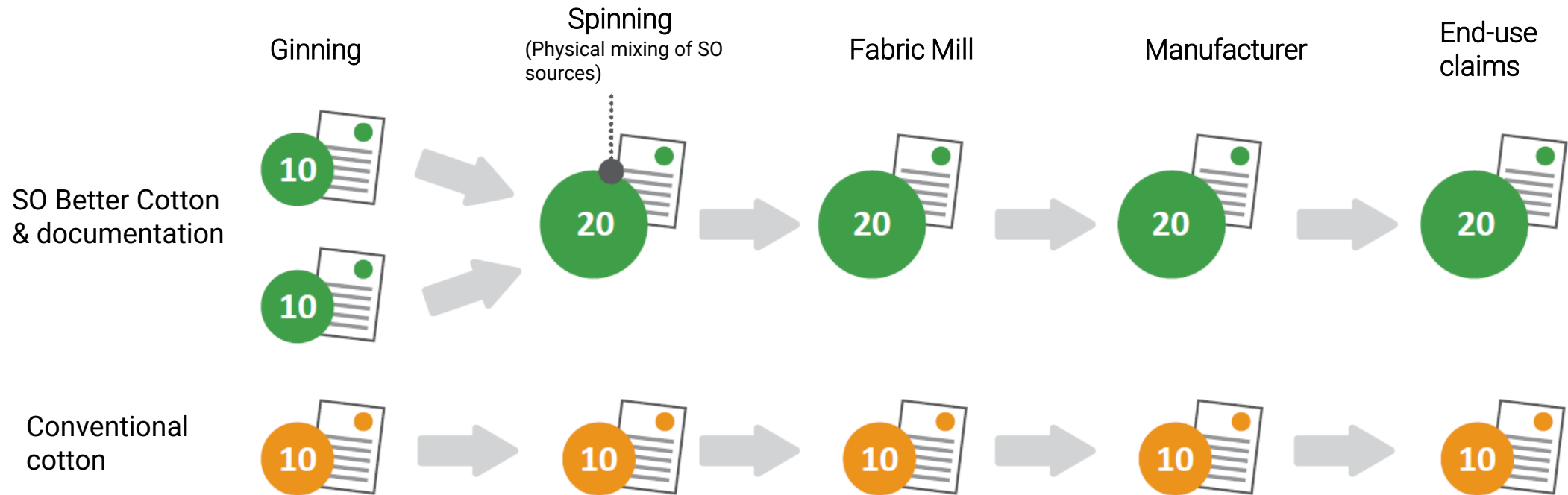
Controlled Blending

Better Cotton can be mixed with conventional cotton at the processing stage, provided the % is known and documented

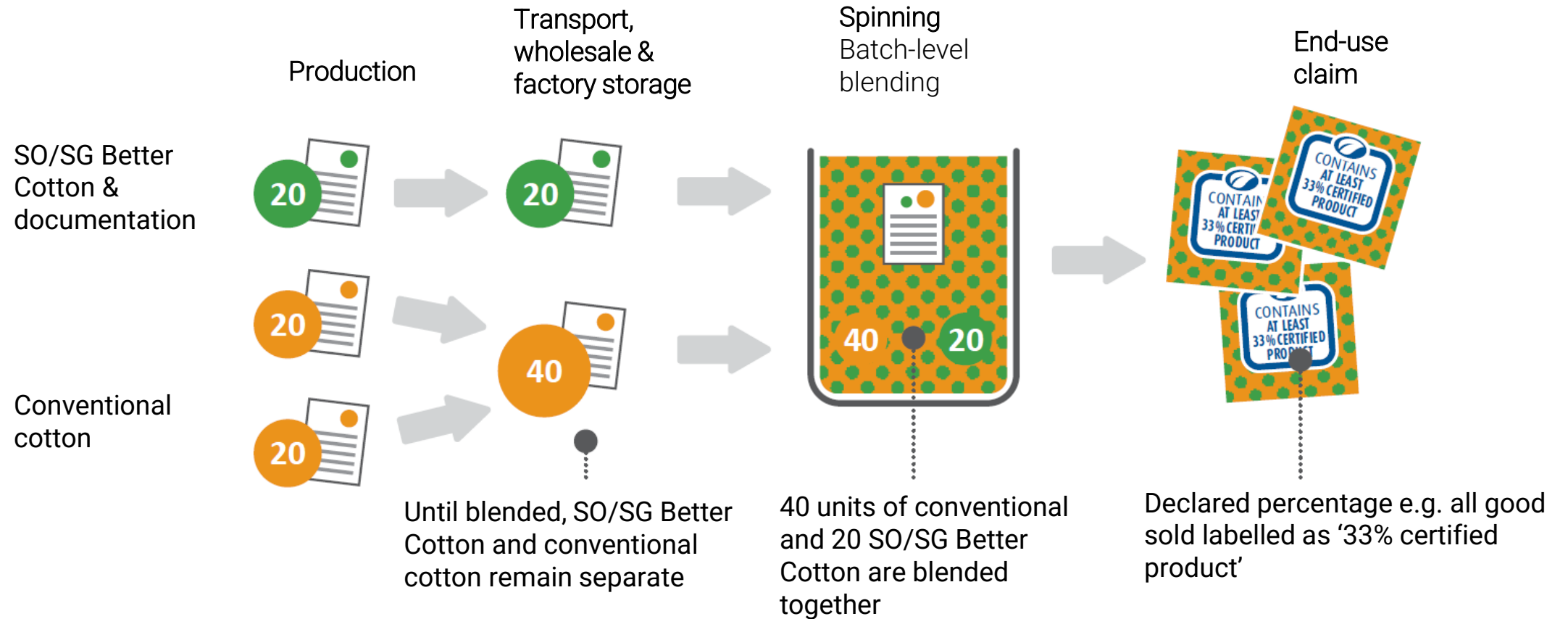
Single Origin



Segregation



Controlled blending



CoC models of other fibre standards

Single Origin /
Identity Preserved

Segregated

Controlled Blending

Mass Balance



Application of CoC models within the Better Cotton supply chain

Farm → Gin → Trader → Spinner → Fabric Mill → EPM → RB



What does segregation mean in practice?



Physical segregation



Temporal segregation



Barcodes and labelling

How is Chain of Custody verified?



Chain of Custody
Management System



Transaction-level
documentation



Physical verification

Generic management system requirements



Top management commitment



Appointment of a management representative and identification of key personnel



Maintenance of up-to-date documented procedures



Implementation of a training plan



Maintenance of up-to-date records



Procedure for handling and resolving complaints



Mechanism for handling non-conforming products



Control and responsibilities relating to outsourcing



Annual internal audit



Annual top management review

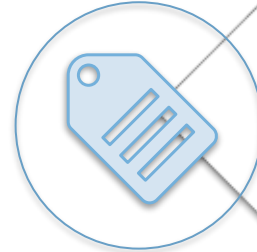
NEW

NEW

Chain of Custody management controls



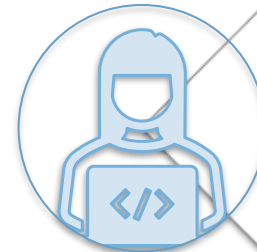
Maintain **up-to-date information** about all suppliers of Better Cotton



Adhere to the **Better Cotton claims framework**



Include **key information** on sales and invoice documentation



Record all sales of Better Cotton on the BCP



Maintain **segregation / identification** of physical Better Cotton

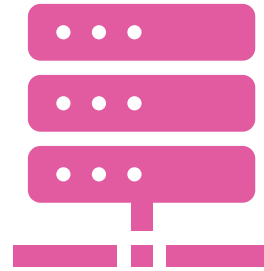
Integrity measures we are investigating include



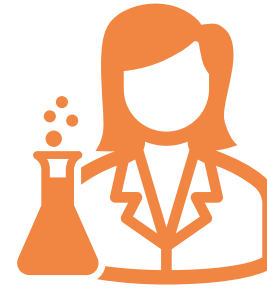
Site audits
and
assessments



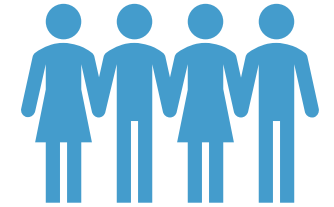
Transaction
validation



Machine
learning and
AI



Physical
marker and
testing



Community
responsibility

Public consultation on our draft Chain of Custody Standard

We want your feedback on our intended approach to make sure it meets your **business needs** and **reality**

Consultation timeline: September – November 2022

Look out for more information in your inbox and on the Better Cotton website in August 2022!

Questions?

Next webinar: September 22nd 2022

Traceability technology requirements.

This webinar will provide a summary of the key features and functionality we're aiming for in a future digital platform.

Thank you