

Better Cotton Principles & Criteria Terms of Reference V2.0

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Previous versions	This version 2.0 replaces the previous Better Cotton Principles & Criteria Terms of Reference (approved 30 September 2015). Key changes include: <ul style="list-style-type: none">• Updating of the scope of the P&C revision process• Updating of the table of risks and mitigation strategies
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1. About this document

This document provides a Terms of Reference for the Better Cotton Principles and Criteria (P&C). This includes an explanation of the purpose of the P&C, a description of the Better Cotton approach, and the scope and expected outcomes of the P&C. It also sets out the revision process for the P&C, and the risks and mitigation strategies related to their implementation.

2. Purpose of the Better Cotton Principles & Criteria

Cotton is one of the most important and widely grown crops in the world. It is estimated that nearly 35 million hectares are under cotton cultivation, representing about 2.5% of the world's arable land. About 80 countries produce cotton on a commercial scale and more than 90% of cotton farmers live in developing countries on farms of less than 2 hectares. Nearly everywhere it is grown cotton, represents an important cash crop for farmers and an economically valuable part of the total national economy. Cotton is for millions of people, in some of the world's poorest countries, a vital and unique link to the global economy. The International Cotton Advisory Committee estimates that there are about 300 million people who work in the wider cotton industry each year.

There are various negative social and environmental impacts associated with cotton cultivation worldwide that threaten its sustainability. Inefficient irrigation techniques, poor cultivation practices, and improper use of pesticides and fertilizers threaten the availability of clean water,

soil fertility, human health, and biodiversity around cotton-farming communities. In many regions, the impacts of climate change will only exacerbate these pressures over the coming decades, as weather patterns become more extreme, growing seasons are shortened, and water stresses intensify. Financial sustainability for smallholder farmers is a key focus area, with smallholder farmers already finding their yields and profits adversely affected by climate change in many Better Cotton countries.

Child labour is a continuing concern in many cotton-growing regions, especially due to the prevalence of family farms in rural areas with limited access to education. In addition, like most of the agricultural sector, cotton farms often rely on migrant, temporary, or seasonal workers. These workers are particularly vulnerable to unsafe working environments, coercion, indebtedness, or other risks of forced or exploited labour.

Improving the social and environmental conditions of cotton production is therefore essential for human and environmental health, the livelihood of millions of people world-wide, and the future of the commodity. The negative effects of high pesticide use, soil depletion, and water consumption need to be reduced, and production methods need to preserve the long-term health of the ecosystem. From a social point of view, farmers and workers need to be able to earn a good living from their participation in the cotton sector, and have their rights protected

The Better Cotton Principles & Criteria (P&C) addresses these challenges through a holistic approach. The P&C cover the main social, economic, and environmental issues facing cotton, with indicators spanning across 7 Principles: crop protection, water stewardship, soil health, biodiversity and land use, fibre quality, and management systems.

The P&C are designed to be inclusive and apply to producers of all sizes, from smallholder farmers to large, mechanised farms. The P&C require producers to meet core indicators as a starting point for licensing, but then to make continuous improvements in sustainability over time in order to maintain their license. This ensures the P&C can be applicable to farms in a range of different contexts – from those who are just starting to understand the benefits of sustainability, to those who are on the leading edge of environmentally and socially-responsible farming.

3. What is unique about the Better Cotton approach

Better Cotton's mission is to help cotton communities to survive and thrive, while protecting and restoring the environment. Better Cotton's approach is different from other initiatives in a number of ways:

- Better Cotton covers the breadth of sustainability issues in cotton – the P&C include environmental, social, and economic issues in one integrated standard;
- The focus is on transforming mainstream cotton production at scale; rather than developing a niche sustainability programme;
- The strong emphasis on continuous improvement helps drive ongoing sustainability benefits, beyond minimum compliance, and encourages innovative approaches – no matter what the starting point for the Producer
- Better Cotton works with the full cotton value chain, engaging with retailers and brands to build demand for Better Cotton ('market transformation'), and on the farm side to support sustainable production ('improved farming');
- Better Cotton delivers support and training to farmers through a network of more than 70 Implementing Partners around the world – these partners enable Better Cotton to work at

scale, but also ensure local knowledge and expertise in their engagements with farmers and workers;

- Better Cotton proactively collaborates with existing credible cotton sustainability standards through strategic partnership or benchmarking arrangements; this improves efficiency in the sector, reduces duplicative schemes, and helps ensure Better Cotton requirements are translated to the local environment;
- Measuring field-level sustainability data is a core part of the Better Cotton Standard System and licensing requirements; this ensures that Better Cotton can monitor performance at field level and adjust interventions accordingly.

4. Scope of the P&C

The Principles & Criteria cover the most significant global sustainability issues associated with cotton cultivation at field or farm level. The P&C are globally applicable for cotton farms across all countries where Better Cotton or benchmarked partners operate.

The P&C apply to all sizes and types of cotton farms; however individual indicators are designated as applicable to either smallholder Producer Units, medium farm Producer Units, and/or Large Farms.

The P&C are designed to align with international sustainability and labour standards, and to support national and local legislation around cotton farming sustainability, where they exist.

Requirements in the P&C apply to all cotton-farming areas and adjacent areas that are under the farmers responsibility – this includes for example hedgerows and adjacent conservation areas.

The scope of the P&C does not explicitly include areas dedicated to cultivation of crops other than cotton (unless these are covered under a Better Cotton-related management plan).

5. Outcomes of the Principles and Criteria

Better Cotton's theory of change identifies clear outcome areas to be achieved through farmers participation in the Better Cotton programme, and application of the Principles & Criteria at farm level. These include:

1. Training, capacity building and awareness-raising activities by Implementing Partners and field facilitators leads to farmers having increased knowledge and awareness of sustainable practices.
2. Increased knowledge of sustainable practices leads to farmers gradually adopting more sustainable practices over time. The timeframe for changing farmer behaviour depends on numerous factors including the efficacy and relevance of training, farmers' trust in the information provided (including e.g., use of local demo plots and peer farmers) and addressing structural barriers such as price and availability.
3. As a result of adopting more sustainable practices, farmers:
 - a. Optimise inputs, reduce costs, maintain, or improve productivity, and increase profitability related to cotton production
 - b. Take greater care of the land and enhance soil health and biodiversity, while protecting water supplies

- c. Improve conditions for workers and ensure decent work principles are upheld

6. Revision Process

At a maximum, the period between reviews of the P&C will not exceed five years, with the next scheduled reviews to take place in 2021-22 (the current review) and 2027-2028. Better Cotton has identified several areas to be considered in the current review, including:

- Strengthened approach on decent work, including more comprehensive indicators around forced labour
- Review of the current approach on Highly Hazardous Pesticides (HHPs)
- Review of soil health and soil testing indicators, especially in African countries
- Strengthened climate change adaptation and mitigation approach
- Consideration of landscape approach
- Strengthened farmer-centric approach
- Financial sustainability and livelihoods of farmers
- Consideration of the current baseline of performance
- Improved local applicability
- potential expansion to landscape scale
- Revised approach to continuous improvement, including monitoring progress and outcomes over time

This preliminary list of areas to be reviewed will be further expanded and refined during the review process and with input from stakeholder engagement during the standard revision process.

For full details regarding the revision process for the Principles and Criteria, please see Better Cotton’s Standard Setting and Revision Procedure v2.0.

7. Risks and mitigation strategies related to the P&C

The following table identifies key risks related to implementing the Better Cotton P&C, and describes Better Cotton’s strategy to mitigate these risks:

Key Risks	Strategy to Mitigate
Better Cotton Implementing Partners lack knowledge or competencies to effectively train farmers on the P&C	Better Cotton is reviewing its IP engagement and due diligence process, to ensure that all IPs are competent and qualified, and that their performance is monitored over time. Better Cotton is also working on different methods to improve training and resources available to IPs, including developing an online resource centre, convening IPs together at country level and internationally to share best practices, developing expanded online training modules, and forming localised partnerships with experts at country level.
Lack of farmer understanding or incentive to meet indicators	Better Cotton’s partnership with local Implementing Partners helps to ensure that field staff have a good understanding of local cotton farming communities and issues. This will help to ensure that barriers in farmer understanding, or practice adoption can be identified, and that locally relevant solutions can be developed. In addition, in the upcoming standard revision, Better Cotton will aim to make sure that farmer perspectives are represented through the stakeholder consultation element, which will help make sure

Key Risks	Strategy to Mitigate
	that farmer priorities are considered in the P&C and in guidance for implementation/interpretation sections.
Due to the global nature of the P&C, some indicators may be less relevant in a local context	<p>Strong stakeholder engagement at country level – including a proactive approach to engage farmers/ workers/ and other vulnerable groups – will be critical to ensure that issues of local relevance can be understood and addressed during the standard revision process. In addition, Better Cotton has defined a derogations procedure which allows groups of producers to make a case for a locally adapted revised indicator in cases where a core indicator is not relevant in the local context.</p> <p>Better Cotton will also continue to work with partners to support the development of national standard setting initiatives (through a potential benchmarking relationship), where appropriate, in order to promote local relevance of cotton sustainability requirements.</p>
Some Producers may not meet the core indicators required for licensing	<p>The Better Cotton assurance programme requires Producers to meet all core indicators before they can receive a license to sell Better Cotton; however, Producers are eligible and encouraged to continue participating with Better Cotton (and receiving training and capacity building support), even if they are not ready to achieve a license.</p> <p>Better Cotton requires all smallholder and medium farm Producer Units to go through a 'set-up phase' to ensure the farmers fully understand and meet core indicators, and that the appropriate management systems are in place before the Producer is evaluated for licensing. This recognises that changing practice at field level takes time, and some Producers may require a year, or several years, in order to meet the minimum requirements for licensing – however, they should continue to receive dedicated capacity building support during this time.</p>
Transition season is not sufficient for partners to develop adequate capacity to comply with updated requirements	<p>All Better Cotton country capacity-building staff and Implementing partners will be well informed of potential future changes in the P&C well ahead of the transition phase, so that they have enough time to develop guidance and deliver training. The transition timeline will be confirmed only after extensive consultation with Implementing Partners and Producers, and some new requirements might have a longer transition time if they require more time or effort to comply with in a meaningful way/</p> <p>Resources for technical and capacity building support to partners will also be provisioned by Better Cotton before and during the transition phase.</p>
The implementation of the Better Cotton Standard is not appropriately embedded in the national context and therefore leads to either duplication or reduced involvement by other farmer support programmes (such as agri extension services).	<p>Ensure the Better Cotton Standards model is accepted and embedded in the national agricultural systems. Better Cotton to make sure that governmental actors and especially extension services or local NGOs working on farmer support programmes are consulted, so as to identify collaboration and overlap areas</p>