

Better Cotton: Summary of Findings of the Independent Audit

Findings

- After being informed of Earthsight’s allegations last year, Better Cotton hired independent auditor, [Peterson](#), to conduct an enhanced compliance check focussing on the issues raised.
- The outcomes of the audit, which Better Cotton received on 11 April 2024, provide background information on the Matopiba Region, and widespread challenges related to deforestation, displacement of traditional communities and land grabbing.
- The enhanced check analysed maps, satellite images, official documents, literature review and interviews with the implicated groups, namely Horita, SLC, as well as ABRAPA, and Better Cotton. Other standard systems documents operating in the region were also consulted (RTRS, Bonsucro, and FSA).
- The focus of the examination was on the Paysandu (SLC) and Sagarana and Timbaúba (Horita Group) farms. Other farms in question were not licensed to produce Better Cotton at the time.
- The results of the enhanced verification show that the three farms in question are not in breach of either Better Cotton or ABR standards, the primary cotton certification body of Brazil, which Better Cotton recognises as an equivalent standard¹.

Earthsight allegation	Relevant ABR/BCI indicators	Conclusion	Rationale
Violation of land rights	7.1 7.11	No Non-compliance	The three farms hold active registration status by the Rural Environmental Registry (CAR), the national electronic public registry on rural properties. They are also under no embargo from Ibama, the Brazilian Institute of the Environment and Renewable Natural Resources, which oversees the use and conversion of land for cotton farming.
Green land grabbing	7.5 7.1	No Non-compliance	The indicators of the ABR standard are deemed sufficient to ensure that the certified

¹ In Brazil, Better Cotton recognises the Responsible Brazilian Cotton (ABR) programme operated by the Brazil Cotton Growers’ Association (ABRAPA) as an equivalent standard. Cotton farmers whose activities are in conformity with at least 155 indicators out of 183 of the ABR programme, and that opt it for the Better Cotton license and meet several additional requirements, can sell their cotton as *Better Cotton*.

Earthsight allegation	Relevant ABR/BCI indicators	Conclusion	Rationale
			properties have a legal reserve ² and that it is lawful for them to be located outside the property.
Illegal deforestation	7.1 7.11	No Non-compliance	The farms have a 'negative embargo' certificate from Ibama, a form of an attestation that they have no areas under embargo. This means that the use and conversion of land for cotton farming comply with the national legislation related to the use of agricultural land. Additionally, the indicators of the ABR standard are deemed sufficient to ensure that the conversion of land for cotton farming occurs following the national legislation related to the use of agricultural land.
Irregular aerial spraying of pesticides (Horita only)	8.16 6.19	No Non-compliance	The complaint made does not provide objective evidence that the applied pesticides (aerial or terrestrial) in violation of legal distancing, as they were under no embargo by Ibama.
Coercion and intimidation of traditional communities	4.2.2 1.1.6, 5.1.1 - P&C	No Non-compliance	The three farms are far removed from the "Capão Modesto" community or the Conservation Unit (UC) - "Recanto das Araras de Terra Ronca", the two community groups at the heart of the allegations. Additionally, channels are available for communication and dialogue with the local community.
Negative impacts on biodiversity	7.4	No Non-compliance	The Paysandu, Timbaúba, and Sagarana Farms are far removed from the UC "Recanto das Araras de Terra Ronca".
Intentional arson	7.10	No Non-compliance	As evidenced through the examined documents and interviews, the SLC group does not practice the burning of residues.

² Brazil's environmental legislation obliges private properties to retain a fixed proportion of their total area with native vegetation, the so-called "Legal Reserves". Those areas represent practically one third of the country's native vegetation and are well known for their role in biodiversity protection and in the provisioning of a wide range of ecosystem services for landowners and society.
Source: [Why-Brazil-needs-its-Legal-Reserves.pdf](#) (observatorioflorestal.org.br)

			Systems to monitor fires are present at farm level.
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- It is important to note that the assessment did not extend to the agribusinesses that own the farms, as the scope of both standards is limited to farm operations and cotton production.
- Farms such as Fazenda Alegre and Palmares V were not Better Cotton licensed farms as indicated in the allegations.
- Two farms (Sagarana and Timbaúba of Horita) were audited under the RTRS certification, which covers anti-corruption requirements and showed no non-compliance. SLC has corruption identification measures internally that confirm the same for Paysandu.
- Engagement with affected communities in the area where the farms are located is ongoing, and Better Cotton is awaiting insights from the auditors.

Better Cotton’s Actions

Better Cotton commits to investing time, energy, and money to ensure farmers adopt more sustainable practices over time. Continuous improvement is the basis of our approach, both at the field level and within the organisation. We’re always keen to learn about issues which will help us drive this improvement further.

Better Cotton has been actively working with stakeholders across the cotton value chain over the last three years to create an inclusive and scalable approach to traceability. This effort has enabled the tracking of cotton through various stages, providing more granular visibility of where cotton is grown. Ongoing developments in the traceability solution will allow for even greater precision in the future, meeting the growing demand for supply chain transparency and sustainable practices. Turning traceability into reality is not easy, especially for mass-produced commodities, and represents a change for the supply chain, hence providing information down to country-of-origin verification was our first step. Looking ahead, we are working to offer traceability to the gin, only one step removed from the farms, by the end of 2025.

Better Cotton is much more than a farm-level standard – a bigger proportion of our farm-level investment is spent on extensive capacity strengthening to drive more sustainable farming practices. In the countries where we recognise (benchmark) another standard as equivalent to Better Cotton’s, such as ABR in Brazil, this direct engagement with the farming communities is led by the strategic partner, owner of the equivalent standard.

We acknowledge that there are many ways in which we can engage our strategic partners to raise the bar – strengthen their own due diligence, assurance protocols and capacity strengthening efforts, and have been in extensive discussions with them on how they can incorporate stronger standards and controls into their systems.



Before launching any new country programme, we always conduct thorough research and due diligence. Additionally, we will introduce periodic risk-based cross-checks as part of our ongoing country oversight framework to further enhance our monitoring processes.

The launch of our updated standard this year (v.3.0) triggered a reassessment of alignment with previously recognised equivalent standards as per our procedure. Notably, in this realignment we're placing a greater emphasis on land conversion, grievance mechanisms and worker rights, among other areas. This is a condition for the renewal of recognition agreements with our strategic partners, contingent upon the successful conclusion of mandatory due diligence procedures. All our strategic partners undergo this process.

Following the revelation from Brazil and additional analysis carried out internally, we will take action to expand our due diligence process to encompass not only the standards we have recognition agreements with, but also the large commercial farms that want to sell their cotton as Better Cotton. These farms, with their ownership and expansive operations often extending beyond cotton production, may fall outside the scope of our farm-level standards, posing potential risks that could compromise our mission and values.

Deforestation in Brazil remains a critical concern for Better Cotton, and we are steadfast in leveraging our influence to drive remedial action. While our standard already safeguards natural ecosystems and prohibits conversion of lands with high conservation value, audits may not always detect land conversion predating cotton cultivation. Our independent assessment conducted two years ago found cotton responsible for a small fraction of land conversion in Brazil. Nonetheless, we are committed to playing our part in urging influential stakeholders, including other agri-businesses and governments, to prevent further deforestation and undertake efforts to restore previously deforested lands.

Importantly, the report raises pertinent questions about the limitations of certification schemes and sustainability standards. We are the first ones to acknowledge this limitation: being a farm-level standard we could lack direct leverage over some of the structural issues, like deforestation, insecure land rights, limited access to basic services and others that inadvertently affect rural communities we work with.

No single actor can adequately tackle the systemic challenges underlying sustainability issues. Critical concerns that transcend the boundaries of individual sustainability standards or operational regions require collaborative efforts spanning industries and stakeholder groups. To fulfil our mandate, we will convene a roundtable of key stakeholders, including businesses, certification bodies, governmental entities, and civil society groups, including community representatives. Together, we will assess significant structural risks facing sustainable agricultural production in Matopiba, Brazil, and chart a course of action to address these challenges effectively. Furthermore, we will mobilise our diverse membership, which encompasses a broad spectrum of supply chain actors, to ensure collective accountability in remedying the adverse impacts associated with cotton production.



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