

Better Cotton Principles & Criteria Terms of Reference V2.1

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Document Title	Better Cotton Principles & Criteria Terms of Reference, v2.1
Approval and effective dates	Approved by the Better Cotton Senior Director of Standards System Integrity
Previous versions	<p>This version 2.1 replaces the previous Better Cotton Principles & Criteria Terms of Reference v.2.0 (approved 31 January 2022). Key changes include:</p> <ul style="list-style-type: none"> • Updating of the theory of change • Minor adjustments for up-to-date language and information • Adjustments of Risks
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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 and need of the Better Cotton Principles & Criteria

Cotton is one of the most significant and widely cultivated crops globally. According to ICAC's Feb 2025 data¹, cotton is grown on approximately 32.5 million hectares, representing about 2.4% of the world's arable land. Around 75 countries produce cotton on a commercial scale, and more than 90% of cotton farmers are smallholders in developing countries, typically managing farms of less than 2 hectares. Cotton remains a vital cash crop, contributing substantially to rural incomes and national economies. The ICAC estimates that the broader cotton industry supports the livelihoods of approximately 300 million people worldwide each year.

¹ [Cotton This Month](#)

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 farming households is a key focus area, with smallholders already finding their yields and profits adversely affected by climate. 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.

Better Cotton is the biggest voluntary sustainability scheme in the cotton sector and tries to address these challenges through a holistic approach that aims to transform the industry. It addresses the main social, economic, and environmental issues facing cotton, with indicators spanning across 6 Principles: Management Systems, Natural Resources, Crop Protection, Decent Work, Sustainable Livelihoods and the 2 cross-cutting priorities on Gender Equality and Climate Change Mitigation and Adaptation.

The P&C are designed to be inclusive and apply to producers of all sizes, from smallholder farmers to large, mechanised farms. Embedding an approach to continuous improvement, 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 and on the farm side to support sustainable production

- Better Cotton delivers support and training to farmers through a network of Programme 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 partnerships 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 P&C is a farm-level sustainability standard for the cotton production sector. It defines clear environmental, economic and social requirements that all Producers are required to meet to be certified to sell their cotton as Better Cotton.

While the requirements are globally applicable, the P&C has several ways to address the significant differences between cotton Producers worldwide. Firstly, it recognises differences in production methods and scale, with requirements differentiated by three categories of farm sizes. Secondly, Better Cotton's approach to Continuous Improvement considers that Producers start at very different baselines. Finally, localised guidance and implementation support (for example, on locally relevant good practices) help ensure relevant implementation across different farming contexts.

The scope of the P&C focuses on cotton production activities within the farm or Producer Unit (PU). However, while this is not relevant for compliance, many requirements and/or associated guidance can apply more broadly, and Producers are encouraged to consider these across other crops and beyond the farm gate.

Note: Between 2025 and 2028, Better Cotton will phase out its current assurance model and transition to a certification scheme. During this period, licensing under the former assurance model and certification under the new model will run concurrently. The P&C will apply to both license and certification holders throughout this transition. For clarity, the term 'certification' and its derivatives (such as 'Certificate Holders', 'certified', etc.) will be used to also refer to 'licensing' and its derivatives (such as 'licensees', 'licensed', etc.) until the phase-out process is complete.

In line with our continuous improvement approach, all Indicators in the P&C are mandatory for certification purposes. This means that Producers shall meet all Indicators relevant to their farm category before they are certified to sell Better Cotton. The Better Cotton Assurance Programme provides more information on audits, certification and how to address and resolve any non-conformities.

5. Outcomes of the Principles and Criteria

Better Cotton's Theory of Change unfolds across two interconnected pathways: the Farm Impact Pathway and the Market Impact Pathway. Each pathway is designed to foster sustainable farming practices, enhance the well-being and economic development of cotton farming communities, and drive the demand for cotton that is produced in a way that protects and restores the environment,

and improves the livelihoods of cotton-farming communities. . The P&C form the key foundation of the Farm Pathway of the Theory of Change.

Farm Impact Pathway

At the heart of Better Cotton's Theory of Change lies the centring of cotton farmers, farming communities, and the enhancement of the ecosystems that sustain them.

Together with a robust assurance mechanism, strong partnerships, access to services, tools and knowledge, and advocacy and multi-stakeholder engagement, our P&C strengthens conservation and enhancement of soils, water and biodiversity, and paves the way for farmers to gain better living and working conditions, rights protection, enhanced resilience to shocks, increased social inclusion, and improved gender equality.

The aims of the outcomes of both the market and the farm pathway include:

- Embed sustainable farming practices and policies
- Enhance well-being and economic development in cotton farming communities
- Drive global demand for sustainable cotton through the supply chain

To learn more about Better Cotton's Theory of Change see [Better Cotton's Theory of Change - Better Cotton](#).

6. Sustainability Claims Substantiated by the Standard

As an outcome to the licensing and certification of producers against our farm-level standard (P&C) Better Cotton allows eligible members and certified organisations to make claims related to the certified material content in products through our forthcoming product label for traceable Better Cotton and for sustainability reporting purposes. In addition, further to the gathering and analysis of our seasonal field-level results indicators (Ris) we have a methodology in place that allows retailer and brand members of Better Cotton actively sourcing Better Cotton to make contribution claims against the RIs for projects financed through our Growth and Innovation Fund (GIF), the fund where volume-based fees (VBF) on Better Cotton sourcing are directly transferred. Lastly, Better Cotton has recently started publishing life cycle impact assessment results, which are available publicly through the Higg MSI and to members actively sourcing Better Cotton who wish to use these metrics for SBTIs or Scope 3 emissions reporting. More information on the claims we allow based on our Standard our available in our Claims Framework and related guidelines and methodology documents on our [website](#).

7. Standard Structure and Content

The P&C is structured to meet its intended sustainability outcomes. They have undergone auditability checks and field-level consultations to make sure they are auditable and easily understood. They don't include requirements related to assurance, claims or labels, and are at least as stringent as regulatory requirements in the countries where the standard applies.

8. 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 Programme Partners and / or farmers lack knowledge, resources or competencies to implement the standard	<p>Better Cotton is reviewing its PP engagement and due diligence process, to ensure that all PPs are competent and qualified, and that their performance is monitored over time. Better Cotton's unique funding approach for PPs through the Growth and Innovation Fund (GIF) help channel resources to the implantation of the standard and driving field-level impact.</p> <p>Better Cotton's partnership with competent PPs helps ensure that barriers in farmer understanding, or practice adoption can be identified, and that locally relevant solutions can be developed.</p> <p>Feasibility assessments of the standard will ensure that requirements in the standard are both relevant as well as feasible to implement.</p>
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>
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>
The P&C doesn't meet accreditation requirements	<p>Have the P&C reviewed by accreditation bodies and ensure feedback and changes are integrated.</p>