



RSM Audit Switzerland SA  
Mr. Jeremy R Howarth / Ms Meltem Kulak  
Boulevard Georges-Favon 26-28  
1204 Genève

Geneva, September 9 , 2024

## MANAGEMENT REPRESENTATION LETTER

Dear Sirs,

We confirm to the best of our knowledge and belief the following representations made to you during your audit of the financial statements (balance sheet, income statement and notes) of Better Cotton Initiative, Geneva ("BCI" or Association) for the year ended March 31, 2024.

The objective of your audit is to issue an opinion as to whether these financial statements comply with Swiss law and the Association's statutes, and to confirm the existence of an internal control system in relation with the preparation and the presentation of the financial statements in accordance with the instructions of the Council. The objective of your audit is not to express an opinion on the effectiveness of the entity's internal control system.

We acknowledge the responsibility of the Council for these financial statements in accordance with the provisions of the Swiss Code of Obligations and the Association's statutes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and the presentation of financial statements.

The Council of the Association has approved the attached financial statements and will submit them to the General Assembly.

We confirm to the best of our knowledge and belief the following representations:

1. The financial statements comply with Swiss law and the Association's statutes and are in this sense free from material misstatements (which can include in addition to incorrect recording, valuation, presentation or disclosure, the failure to provide information).
2. We have made available to you, all accounting records, vouchers and business correspondence, the documentation of the internal control system relevant to the preparation of the financial statements as well as the minutes of all Council Meetings, Finance Committee Meetings. There are no decisions not recorded in the minutes that could have a significant impact on these financial statements. Furthermore, we have granted you unrestricted access to all persons to make any enquiries you consider necessary to obtain sufficient audit evidence.
3. We confirm that an internal control system (ICS) for the purpose of the preparation of financial statements exists, which has been implemented in accordance with instructions of the Management. In connection with your audit of the existence of the ICS in accordance with article 728a para 1 item 3 CO, we confirm that all the documentation has been made available to you.

4. The Association has complied with all aspects of contractual agreements and legal prescriptions that could have, in the event of non-compliance, a material effect on the financial statements. There were no violations of laws and other regulations (e.g. regarding direct taxes, VAT, social security laws, environmental requirements) which could have a material impact on the financial statements.
5. The information on the principles applied in the financial statements, when not prescribed by law, were properly disclosed in the notes.
6. We are not aware of any violation (fraudulent activity) or error involving members of the Committee, managers or employees exercising significant functions within the accounting system or the internal controls, or which could have a material effect on the financial statements, and nothing would indicate such a violation (fraudulent activity) or error.
7. We acknowledge the responsibility of the Committee for the implementation and proper functioning of the accounting system and internal controls designed to prevent and detect fraud and error.
8. We declare that, as it stands, the Association does not trade in derivatives in accordance with article 113 para. 2 FMIO and does not intend to trade them in the future. In light of the above, it is exempt from the duty to regulate in writing the processes with which it fulfils its duties with respect to trades in derivatives in accordance with article 113 para. 1 FMIO.
9. We have no knowledge of any fraud or suspected fraud affecting the entity involving
  - a. Management,
  - b. Employees who have significant roles in internal control
  - c. Others where the fraud could have a material effect on the financial statements
10. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
11. We confirm the completeness of the information provided regarding the identification of related parties as well as the completeness and the accuracy of the presentation of the assets and liabilities towards related parties.
12. We have no plans to liquidate the Association or reduce significantly its activities. We have no plans or intentions and we are not aware of events that would pose a threat to the going concern premise. We have provided you with all of the information that is relevant to our plans to mitigate the adverse effects of conditions and events that had an impact on the results of the current year, including our evaluation of the likelihood that those plans can be effectively implemented.
13. We have provided you our assessment of the situation with licensing activity suspension in China, and also related boycotts towards to our major members.
14. The following have been fully and properly recorded and when appropriate, adequately disclosed in the financial statements:
  - a) The identity of related parties, amounts receivable from or payable to related parties as well as transactions with related parties,



- b) Imminent losses arising from sale or purchase commitments or any kind.
  - c) Agreements for the repurchase of assets that have previously been sold, and corresponding options.
  - d) Assets pledged as collateral for commitments.
15. The significant assumptions which we applied in making valuation assessments are reasonable and in accordance with the applicable reporting framework in particular, they appropriately reflect our intention and ability to apply specific procedures, where relevant for example for the fair value assessments and disclosures in the financial statements.
16. We have no plans or intentions through which the recognition, valuation or presentation of assets or liabilities in the financial statements could be significantly altered.
17. We have no plans to abandon any region or member or other plans or intentions.
18. The Association has satisfactory legal title to all assets and there are no liens or encumbrances on the Association's assets, except for those that are disclosed in the notes to the financial statements.
19. We have recorded or disclosed all liabilities, both actual and contingent, and all guarantees given in favour of third parties are disclosed in the notes to the financial statements.
20. No events additional to those disclosed in the financial statements have occurred after the balance sheet closing date and up to the date on which this Management representation letter is signed, which require an adjustment to or disclosure in the financial statements. We will immediately inform you of all events coming to our knowledge up to the date of the Council Meeting where such event has a significant impact on the financial statements.
21. Our assessments of the legal cases and their future costs are in line with our evaluation according to the best of our knowledge and we consider the provisions that have been set up to be sufficient. No other claims have been filed against us and none are expected.
22. There is no formal or informal agreement for compensation between one or the other of our bank and treasury accounts and portfolios.

Yours sincerely

GJ Sutherland

Better Cotton Initiative, Geneva

Enclosures:-

Signed financial statements (statement of financial position, statement of income and expenditures and notes)