

# Member Monitoring Protocol

Version 2.0, Effective date: 1 September 2023

## 1. Objective and Scope

The Better Cotton Initiative is a not-for-profit membership association registered in Geneva, Switzerland (“Better Cotton”). Membership to Better Cotton Initiative is open to all organisations who have a stake in the cotton sector. Members fall under five (5) membership categories established in the Better Cotton Initiative Statutes as follows – Producers, Suppliers and Manufacturers, Retailers and Brands, Civil Society and Associate Members (collectively “Members” and each a “Member”). Better Cotton Initiative is an inclusive initiative which welcomes all types of organisations who share our values, meet the Membership Criteria (see Annex 1) and will commit to the [Better Cotton Member Code of Practice](#) (“Code of Practice”).

Commitment to the Code of Practice serves to protect the interests and the credibility of Better Cotton Initiative. This Monitoring Protocol establishes a set of Monitoring Criteria (as defined in Section 2) to ensure adherence to the Code of Practice. All Members of Better Cotton Initiative are assessed and monitored against the Monitoring Criteria using a risk-based approach. This Monitoring Protocol outlines the approach, the Monitoring Criteria as well as the monitoring and resolution processes that Better Cotton Initiative employs. It is structured as follows:

Section 2: Monitoring Criteria

Section 3: Monitoring Process

Section 4: Risk Assessment

Section 5: Resolution Process

Section 6: Reporting

Section 7: Protocol Review

### 1.1. Scope

Better Cotton Initiative’s mission is to achieve a positive impact at the field level – farmers and cotton agriculture – and the monitoring of our members is intended to protect the credibility of Better Cotton Initiative as we fulfil this mission.

Better Cotton Initiative is not an environmental and social compliance programme for the textile supply chain. It is the responsibility, and, in many jurisdictions, the legal obligation, of each Member

to ensure that their supply chains are meeting certain environmental and social standards, as applicable. In addition to these requirements, Member (or other stakeholder) listings that Better Cotton Initiative provides is therefore not sufficient evidence that a company meets any social or environmental standard.

When monitoring Members, we limit our assessment to the Member entity(ies) and not those of a Member's suppliers, business partners, investors, or other associated organisations.

As the payment of dues in the form of a membership fee is a prerequisite to maintaining membership, these do not fall within the scope of this Monitoring Protocol. Payment of dues is covered under the Better Cotton Initiative [Terms of Membership](#). If a Member does not pay the membership fee their membership is closed.

## 1.2. Chain of Custody and Claims Framework

The [Better Cotton Chain of Custody Standard](#) ("Chain of Custody") and the [Better Cotton Claims Framework](#) ("Claims Framework") form part of the Better Cotton Initiative Standard System and have their own monitoring processes which are not covered by this Monitoring Protocol. However, if a Member is found to be in breach of either the Chain of Custody or the Claims Framework, it will also be a breach of the Code of Practice and the Resolution Process in Section 5 of this Monitoring Protocol will be applied. The Chain of Custody and the Claims Framework may outline additional measures for non-compliance.

## 2. Monitoring Criteria

This Monitoring Protocol establishes the following six (6) monitoring criteria (collectively "Monitoring Criteria" and each a "Monitoring Criterion") based on the Code of Practice criteria.

1. Commitment and Conduct
2. Business Integrity
3. Decent Work and Human Rights
4. Communication
5. Sourcing
6. Environmental Compliance

For each Monitoring Criterion there is a set of indicators which allow Better Cotton Initiative to determine whether there has been a breach of a Monitoring Criterion (collectively "Indicators" and each an "Indicator"). The Indicators are intended to serve as monitoring guidance for Better Cotton Initiative and are not exhaustive. Please see Annex 2 for a table outlining the Monitoring Criteria, Indicators and the related monitoring tools employed by Better Cotton Initiative.

When an area of concern or Indicator is identified by Better Cotton Initiative, or an incident is reported to Better Cotton Initiative, a monitoring case is opened ("Monitoring Case").

## 3. Monitoring Process

Better Cotton Initiative implements two (2) key stages of member monitoring (see Annex 3 and 4 for process flow charts):

1. Initial Screening – New Member Approval Process ('Initial Screening'); and
2. On-going Monitoring of Members.

### 3.1. Initial Screening – New Member Approval Process

Initial Screening takes place once the Better Cotton Initiative Secretariat has received an application for membership. During Initial Screening, the information provided in the application form, including required documentation submitted with the form, together with online research is used to confirm that an applicant meets the following Membership Criteria:

1. Alignment with Better Cotton Initiative 's mission
2. Legally registered company
3. Established at least 12 months prior to application
4. Can demonstrate existing commitment to good social and environmental practices
5. Does not pose a reputational risk to Better Cotton Initiative
6. Does not appear on any ban, regulatory or default lists

If an applicant during the Initial Screening does not meet all of the above Membership Criteria, or there is reason to believe that they will not going forward, the applicant may be asked to provide further information. If upon receipt of this information Better Cotton Initiative considers that they still do not meet the Membership Criteria, the application will be rejected, stating the reason(s) why.

If the Initial Screening does not raise any concerns, the application is submitted for approval by the Executive Group ("EG").

- If the EG approves the application the Membership activation process will begin.
- If the EG does not approve the application, the applicant will be informed accordingly and invited to correct the area of concern, as applicable. If they are able to do so the application will be approved. If the applicant is not able to provide a satisfactory correction the application will be rejected.

#### 3.1.1. New Member Consultation

After an application is approved by the EG, the applicant becomes a new Member<sup>1</sup> subject to an open consultation whereby all Members may raise any reservations about the new Member. This consultation allows all existing Members the opportunity to provide any reason, backed up with relevant evidence, as to why the applicant would not meet the Membership Criteria, and thus not qualify for membership.

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<sup>1</sup> This consultation runs in parallel to the Member activation, so the applicant is considered to be a Member at this point.

- The open consultation lasts for a period of 12 weeks, during which time, the membership activation will continue. The consultation lists are posted in the Members Area of the Bettercotton.org website and, in future, the myBetterCotton Member Portal.
- Should any reason be raised as to why the new Member does not meet the Membership Criteria during the open consultation period, Better Cotton Initiative reserves the right to terminate the membership activation process.
- If any reservations are raised once the open consultation period has elapsed, the Resolution Process outlined in Section 5 must be followed to remove an organisation from Membership.

### 3.2. On-going Monitoring of Members

Better Cotton Initiative's on-going Member monitoring system aims to monitor for Indicators or any other breaches of the Monitoring Criteria and includes the following activities:

- Periodic semi-automated screening of all Members against sanction lists, default lists and adverse media listings.
- Reactive assessment of any incident / area of concern that is reported to us, or picked up from publicly available sources (news articles, industry publications etc.)
- On-going manual monitoring of Members through member engagement activities or compliance programme to the Chain of Custody and Claims Framework
- New to be implemented from 2024: new annual risk assessment based on a revised annual self-assessment questionnaire

As Better Cotton Initiative is a membership association, it's important to note that all Members have an interest and a responsibility to report any credibility issues. We also welcome similar information from other stakeholders, NGOs and the general public. All issues should be reported using the Better Cotton Initiative [Complaints process](#), and specific breaches relating to Claims can be reported [here](#).

#### 3.2.1. New – Revised Self-Assessment Questionnaire

From 2024, a revised annual Self-Assessment Questionnaire will be used to gather additional information on the environmental and social compliance status of all Members. It will provide Better Cotton Initiative with an up-to-date compliance status of Members in these areas and, combined with other continuous monitoring activities, will support our risk assessment.

- A version of the annual Self-Assessment Questionnaire will be added to the membership application process for new members,
- A version of the annual self-assessment will also be implemented for existing Members as part of the Member renewal process from 1 January 2024.
- For existing Members, the Self-Assessment Questionnaire will form the basis of a new annual risk assessment.

## 4. Risk Assessment

The first step when opening a Monitoring Case is to assess the level of risk it represents for Better Cotton Initiative which will determine the next step in the resolution process for that Monitoring Case. The level of risk is determined based on the three (3) risk parameters listed below (collectively “Parameters” and each a “Parameter”).

1. **Credibility.** The credibility is assessed based on the quality of the source of information (whether internal or external) and the quality of the evidence provided to support the information.
2. **Relevance.** The relevance is assessed based on the relationship the incident reported has to Better Cotton Initiative’s programme and/or activities and when the incident occurred or whether it may occur in the future.
3. **Severity.** The severity is assessed based on the scale, scope and remediability of an incident.

Each Monitoring Case is assessed based on each Parameter and given a score representing the corresponding level of risk, low, medium or high risk. The score for each parameter is added up to give an overall score, which determine the actions to be taken as part of the Resolution Process outlined in Section 5. Better Cotton Initiative will rely heavily on conclusive evidence such as third-party audits or authoritative regulatory listings in order to take any concrete action as part of the Resolution Process.

- If the result is **Low Risk**, no further action is taken, and the Monitoring Case is closed.
- If the result is **Medium Risk**, Better Cotton Initiative will engage with the Member to gather additional information. Based on the information provided, or lack thereof, the Monitoring Case will either be closed, or proceed to a Warning.
- If the result is **High Risk**, Better Cotton will proceed directly to issue a Warning (as defined in Section 5.2 below) as part of the Resolution Process.

## 5. Resolution Process

The Resolution Process of each Monitoring Case has four (4) stages. Satisfactory Resolution and Expulsion are final stages, meaning the Monitoring Case is closed. Warning and Suspension are intermediary stages.

1. **Satisfactory Resolution** – Better Cotton Initiative is provided sufficient evidence that the Member has corrected its breach and the case is closed
2. **Warning** – first level warning issued when a Medium or High Risk breach has been identified
3. **Suspension** – first level punitive measure when a Warning remains unresolved
4. **Expulsion** – final penalty following a lack of or unsatisfactory resolution of the Monitoring Case

## 5.1. Satisfactory Resolution

A Monitoring Case is closed with a Satisfactory Resolution directly after the Risk Assessment if it's a Low Risk. The Monitoring Case will also be closed without any intermediary stages if it's a Medium Risk and the Member provides sufficient evidence to close the Monitoring Case without any further actions.

A Monitoring Case will also be closed with a Satisfactory Resolution if the Member successfully completes the corrective measures outlined in the intermediary stages (Warning and Suspension).

## 5.2. Warning

When a Monitoring Case is identified as Medium or High Risk, an official warning will be sent to the Member in breach as soon as practicable ("Warning"). The Warning will contain the following:

- the details of the breach for which the warning has been issued;
- a Corrective Action Plan ("CAP"), with a defined deadline by which the CAP should be implemented ("Deadline"); and
- the details of any punitive measures which may be imposed if the CAP is not satisfactorily completed by the Deadline.

Once a Warning is issued, the relevant Member will be given a minimum of 30 days and a maximum of 120 days to correct the breach outlined in the CAP, depending on the severity of the breach. The Deadline may be extended during the process if agreed between Better Cotton Initiative and the Member, but the Deadline shall never extend beyond 120 days from when the Warning was first issued.

A Warning may be sent without a CAP, if it is deemed that the nature of the breach cannot be corrected. In that case the Warning will not result in any further escalation of the Resolution Process and the Monitoring Case will be closed. Such a Warning is intended to inform a Member that Better Cotton Initiative is aware of their actions, and if they were to be repeated, there will be consequences.

If deemed necessary to protect the credibility of Better Cotton Initiative, relevant Member benefits, e.g., access to the Better Cotton Platform, may be suspended as a Warning is issued.

If the Member satisfactorily completes the actions identified in the CAP within the Deadline, the Monitoring Case will be closed, and no further action is required.

## 5.3. Suspension

If a Member does not fully implement a CAP by the Deadline, their membership will be suspended. If the CAP is satisfactorily implemented within 30 days of the suspension, the suspension will be lifted after 30 days of the suspension issue date and thereafter on the day that the CAP is deemed satisfactorily implemented. A Member can be suspended for a maximum of 60 days.

The suspended Member will be advised of any further punitive measures (such as expulsion) which may be imposed if the CAP is not satisfactorily completed by the Deadline.

A suspended Member will not have access to relevant member benefits, including participation in Member governance, and they will be removed from any Member listings.

The Better Cotton Initiative Council is advised of all cases of suspension.

## 5.4. Expulsion

A Member that has been suspended for 60 days and has not implemented the CAP will be expelled from Membership. The Better Cotton Initiative Secretariat will, based on the facts of the case, make a recommendation to the Council to expel the Member. The Member will be informed of the recommendation and given 30 days to provide any reason they should not be expelled. The decision to expel a Member is made by the Council and takes immediate effect. The decision is final.

An expelled Member may not re-join Better Cotton Initiative for a minimum period of two (2) years. This period will be defined in the expulsion decision. Better Cotton Initiative reserves the right to reject an application from an expelled member also after this period has expired.

## 6. Reporting

Better Cotton Initiative will report publicly, quarterly via our website ([bettercotton.org](https://bettercotton.org)) on the number of open Monitoring Cases as well as the number of Monitoring Cases closed in the previous quarter. Each Monitoring Case reported publicly will list the Monitoring Criteria in question and the Resolution stage.

Better Cotton Initiative will not publish the name of any individual Member that is subject to a Monitoring Case, whether it is open or closed. Better Cotton Initiative will maintain an internal list of organisations and/or individuals that are not eligible for Membership due to past breaches of the Code of Practice.

## 7. Protocol Review

This Monitoring Protocol and its associated processes are subject to review and updates on a regular basis. A complete review will take place every two (2) years.

The next review of the Monitoring Protocol is planned for March 2024.



# ANNEX 1 –

## Membership Criteria

### Membership Criteria

Membership is open to all organisations. Better Cotton Initiative is an inclusive initiative which aims to work with its members and partners to achieve its goal of transforming cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity. Applicants to membership should fulfil the following:

1. Your organisation's long-term aspirations support BCI's mission, aims and strategic principles for Better Cotton Initiative.
2. Your organisation is a legal entity or a group of legal entities.  
If your organisation forms part of a group, BCI recommends that the entire group becomes a member of BCI. If your organisation runs integrated operations including several processing steps, your membership will be categorised according to the highest value activity exercised.
3. Your organisation should have a minimum of 1 year's existence.
4. Your organisation is able to demonstrate an existing commitment to good environmental and social standards.  
Evidence includes but is not limited to a publicly available commitment to sustainability as well as either implementing a code of conduct or implementing a management standard covering both environmental and social practices.
5. Your organisation does not pose a reputational risk to BCI through past or present activities. This includes but is not limited to, child labour, health and safety violations or being listed on an internationally recognised default list or advisory list (e.g., ICA's List of Unfulfilled Awards). BCI reserves the right to protect and safeguard itself against risks to BCI's integrity and credibility.

*Companies not meeting one or more of the membership criteria listed above may still apply to the BCI by adding a justification to their application form. The justification addendum can be requested from BCI for completion by applicant after a review of the application form. The addendum includes clear instructions on what is requested from the applicant.*



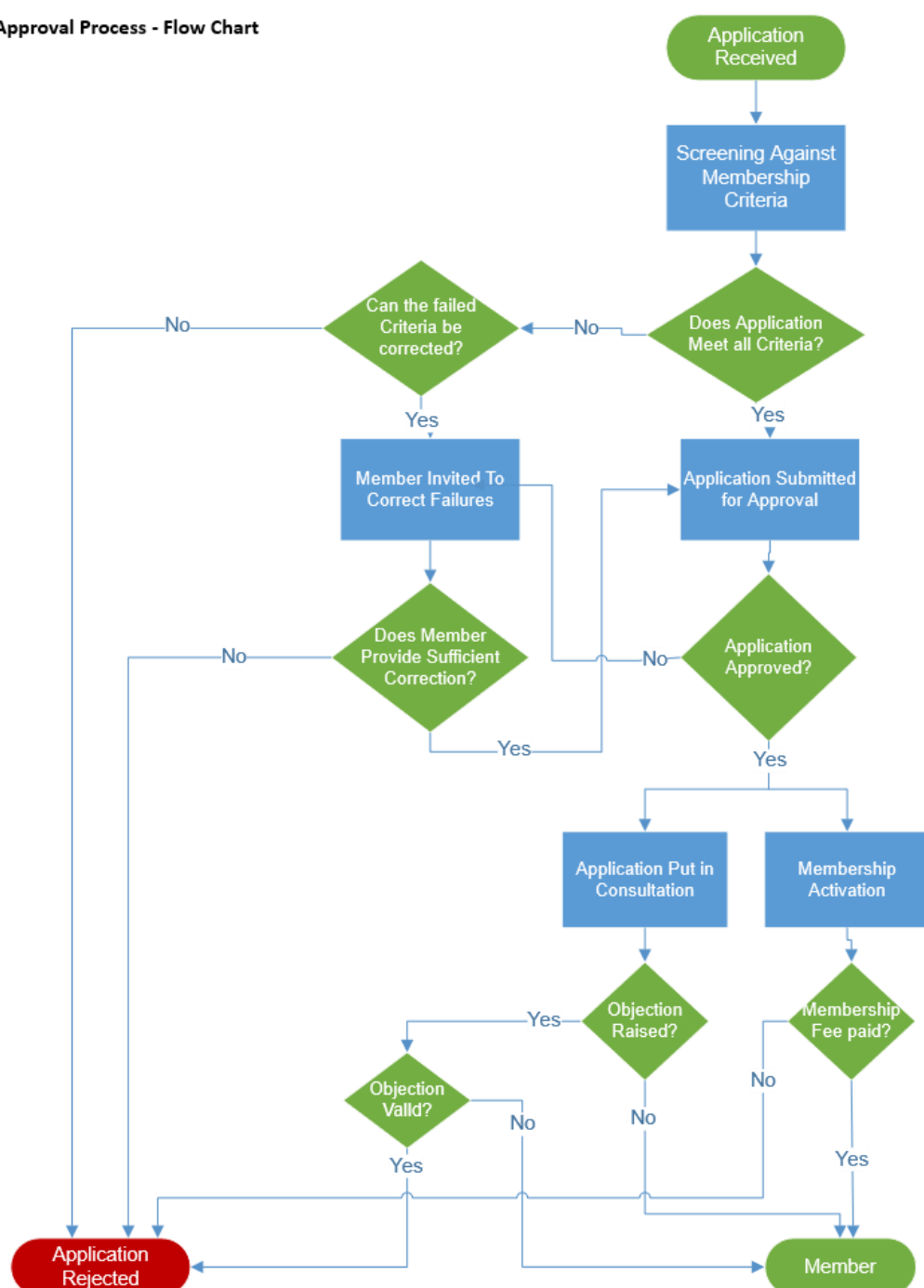
## ANNEX 2 – Monitoring Criteria

Code of Practice Criteria	Expected Practice	Indicators of Breach	Monitoring Tool
<b>Commitment and Conduct</b>	Better Cotton Initiative Members are committed to the mission of Better Cotton Initiative. They support Better Cotton Initiative in their communication, are transparent in all their dealings, and collaborate with Better Cotton Initiative and its key stakeholders. They provide truthful and accurate input to the organisation and participate in its governance to improve how Better Cotton Initiative works.	<ul style="list-style-type: none"> <li>- Not collaborating with Better Cotton Initiative on a Monitoring Case when asked to do so</li> <li>- Not responding to Self-Assessment Questionnaire</li> </ul>	Member engagement
<b>Business Integrity</b>	Better Cotton Initiative Members act with integrity in their businesses, comply with all relevant legal requirements, respect contract sanctity, do not offer or accept bribes or deliberately withhold information. They act with fiduciary responsibility and protect data responsibly.	<ul style="list-style-type: none"> <li>- Appearing on ICA LouA</li> <li>- Appearing on internationally recognised sanction lists,</li> <li>- Appearing in Regulatory listings</li> <li>- Reports of money laundering</li> <li>- Reports of bribery</li> </ul>	Check updates from ICA Online screening
<b>Decent Work and Human Rights</b>	Better Cotton Initiative Members uphold internationally recognised standards with respect to decent work and human rights (incl. the eight fundamental ILO conventions relating to principles and rights at work). They do not accept any form of harassment or discrimination on any grounds. They respect workers' rights to organise themselves and care for their health and safety.	<ul style="list-style-type: none"> <li>- Substantiated report of child labour</li> <li>- Substantiated report of forced labour</li> </ul>	Online Screening Stakeholder reporting
<b>Communication</b>	Better Cotton Initiative Members are honest and transparent in their sustainability marketing and communication. They do not use unsubstantiated, or in other ways, misleading claims about Better Cotton Initiative or of the impact associated with it. They do not communicate on behalf of Better Cotton Initiative.	<ul style="list-style-type: none"> <li>- False or misleading representation of Better Cotton Initiative</li> <li>- Making claims that do not comply with the Claims Framework</li> <li>- Communications which endanger the interests or reputation of Better Cotton Initiative</li> </ul>	Claims monitoring
<b>Sourcing</b>	Better Cotton Initiative Members abide by applicable chain of custody guidelines as developed and implemented by Better Cotton Initiative or otherwise recognised officially by Better Cotton Initiative.	<ul style="list-style-type: none"> <li>- Documented non-compliance of the Chain of Custody</li> <li>- Appearing on GOTS 'Certification Bans' list</li> <li>- Appearing on Textile Exchange 'ASR-225 List of Banned Organizations'</li> </ul>	Chain of Custody Assurance programme Check against ban lists
<b>Environmental Compliance</b>	Better Cotton Initiative Members are committed to (i) protecting the environment they operate in and (ii) adhering to, at a minimum, the local environmental laws for the location(s) in which they operate.	<ul style="list-style-type: none"> <li>- Substantiated report of environmental damage</li> <li>- Non-compliance with local environmental laws</li> </ul>	Online screening Stakeholder reporting

Table 1 – Monitoring Criteria

# ANNEX 3 – New Member Approval process

Approval Process - Flow Chart



# ANNEX 4 – On-going Monitoring Process

Monitoring Process -  
Flow Chart

