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better cotton initiative

Farm Results Contribution Claims Methodology & Guidance

March 2026
Version 1.2

Contents

Version History

Version	Date	Changes made
v1.0	January 2025	First publication.
v1.1	November 2025	Minor changes made to accommodate for organisational rebrand.
v1.2	March 2026	Minor changes made to claim wording aligned with 2026 updates.

Any defined terms included herein, if not defined, follow those contained in the Claims Framework. If there are inconsistencies in any of the definitions in these documents, those contained herein shall prevail.

Glossary

'Comparison Farmers' Are Farmers outside the Better Cotton Initiative (BCI) programme whose data was historically collected so their results could be compared with BCI Farmers under the same factors and contexts.

'Farm Variation Factors' Are variations over time of different Results Indicators on Farmer environmental footprint and net income.

'Farmer' Includes persons of any gender, background and identity and any member of a household or family who shares farming duties. Landowners or tenants who lease land for cultivation at a fixed rate may also be considered Farmers.

'Growth and Innovation Fund (GIF)' Is a field-level grant-maker, it is funded through Volume-Based Fees paid by BCI RBB Members, as well as through contributions from donors, and from Programme Partners. The BCI GIF is designed to further BCI's mission by making grants to partner organisations which work with farming communities.

'Large Farm (LF)' Farms with a size typically above 200 hectares of cotton which either have mechanised production or are structurally dependent on permanent hired labour. LFs participate with BCI on an individual basis or (in some contexts) through a LF Group Assurance model.

'Medium Farms (MF)' Farms with a farm size typically between 20 to 200 hectares of cotton which usually are structurally dependent on permanent hired labour. MFs are grouped into Producer Units for licensing purposes.

'Producer Unit (PU)' Is a group of Smallholders (SH) or Medium Farms (MF) who are organised together under a common management structure to participate in the BCI Programme. Each PU is overseen by a dedicated PU Manager who is responsible for implementing an internal management system to support, train and optimal size is between 3,500 to 4,000 Farmers for a SH PU and around 100 Farmers for a MF PU. Farmers in a SH PU are further divided into Learning Groups.

'Programme Partner' Is an organisation selected by BCI to implement the BCI Standard System at field level and to deliver training and support to cotton Farmers and farming communities.

'Results Indicators' Is a specific data point or metric reported by Farmers that BCI uses to measure progress, track changes, and verify whether its programmes are achieving the intended outcomes.

'Retailer, Brand, Buyer (RBB) Members' Means an organisation involved in the sourcing, distribution, or sale of cotton containing final products. This includes brands that design and develop final products, which may be sold directly to consumers or through retailers, as well as retailers that offer such products through their own sales channels

‘Smallholders (SH)’ Are defined as farms with a farm size typically not exceeding 20 hectares of cotton which are not structurally dependent on permanent hired labour. SH are grouped into Producer Units.

‘Volume Based Fee (VBF)’ BCI Members who are Retailers and Brands pay a Volume Based Fee (VBF) in addition to the membership fees. This fee is calculated based on the total BCI Cotton Claims Units (BCCUs) recorded in the BCI Platform sourced by the Retailer and Brand Members. This fee directly funds Farmer training and field-level sustainability programmes through the Growth & Innovation Fund (GIF).

Introduction

The Better Cotton Initiative (BCI) and its Programme Partners collect data directly from Farmers where their activities take place. Farm Variation Factors are variations over time of different Results Indicators on Farmer environmental footprint and net income. This document explains the methodology behind Farm Results Contribution Claims and how these factors are calculated through investments into the Growth and Innovation Fund (GIF).

Previously, BCI compared Farmer results with 'Comparison Farmers' outside the programme, but this practice has been discontinued due to data quality challenges and widespread geographic coverage of BCI Farmers. It is for these reasons that we now have a new methodology that analyses variations of only BCI Farmers over time. This is a step toward adapting the Better Cotton Initiative's farm level data analyses to better meet the assessment and reporting needs of our Members.

The Farm Variation Factors per indicator (described in Section I below) are multiplied by an RBB Member's annual volume of BCI Cotton sourced to obtain an estimated contribution to BCI's global results.

Analysing change over time comes with challenges, including:

- Variability from season to season due to external factors like high pest pressure or weather conditions that could show better, or worse variations not related to any practice;
- Considerations of which Producer Units (PU) or Large Farms (LF) should be considered in the different calculations. For example, consideration of PU/LF participating for only one season or the ones that stopped after several seasons; and
- Challenges to determine what type of reference or baseline should be considered; whether it should be static (e.g., one specific year) or dynamic (e.g., the first year for each PU/LF).

BCI's Theory of Change, pursued by our Principles & Criteria and programme activities, assumes that continuous improvement over time will lead to positive changes in environmental, social, and economic indicators, representing better yields, increased net profit, lower use of synthetic pesticides and fertilisers, and more efficient use of water.

Due to the nature of agriculture and its dependence on external factors like weather or pest pressure, positive changes are not expected to happen in one or a few seasons but would be observed over longer periods of time.

I Data Sources and Quality Controls

We collect data annually for all our Producer Units (PU) of Smallholders or Medium Farms, and Large Farms. Since Producer Units are formed from an average 3,500 Smallholder Farmers or 100 Medium Farms, results are calculated from averaging random sampled Farmers (for more information about our random sampling methodology see the Working with Results Indicator document).

To ensure that learning, reporting and decision-making are based on representative, good quality data, a data quality grading methodology has been drafted and is being progressively rolled out to RI Data. The methodology provides a structured framework for assessing and scoring key data quality dimensions - accuracy, completeness, uniqueness, consistency, timeliness, and validity - by leveraging existing checks for gaps, inconsistencies, and anomalies within the established Results Indicators Data Management Processes. Clear exclusion criteria further enhance data reliability, ensuring insights remain representative and actionable. Further details about the Better Cotton Initiative's data management practices can be found in the Results Indicator Data Management Process document.

For the purposes of Farm Results Contribution Claims, only GIF projects are considered, since Volume-Based Fees that Retailer Brand Buyer Members contribute to according to the volumes of BCI Cotton sourced, go directly to GIF-funded projects, thus not representing the whole global BCI field results. Please note, that some of the indicators are based on generic GIF Farmer data and don't relate to an RBBs sourced volume.

Calculation Methodology

There are different approaches to comparing data over time. For the purpose of Farm Result Contribution Claims, methodology number 2 has been used:

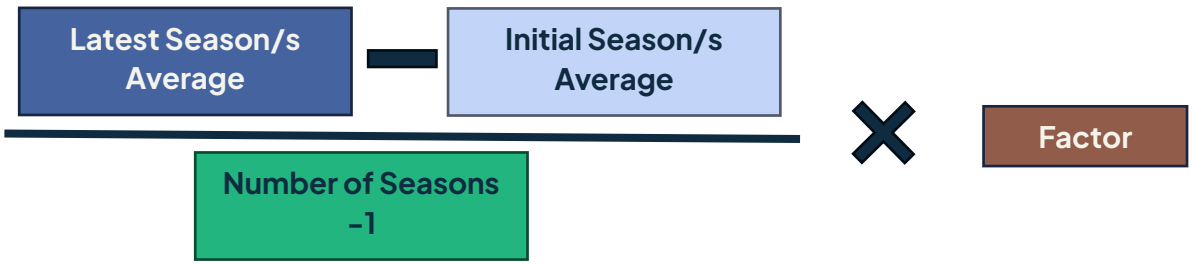
1. **Comparing the values of all Better Cotton Initiative operations from one year (reference or baseline) to another (latest season).** However, there could be an open question of what happens if there are large variations in the composition of the programme over time, for example if BCI stops or adds a new country or expands in new regions.

2. **Comparing the values only of existing PU/LF over time. This excludes having a fixed year of reference or baseline and accounting for the new PU/LFs.** This methodology considers Farm Variation Factors calculated for each PU/LF individually over different

seasons. These factors are then averaged for global or national aggregations. The approach is detailed as follows:

- **Smoothing External Variability:** Average between seasons, whenever possible, to smooth external variability (e.g. weather conditions).
- **Data Quality and Number of Seasons:** Calculations vary depending on the number of seasons with good quality data. To account for the limited smoothing effect of fewer seasons, a factor is used to reduce the weight of PU/LF with not many seasons' data (since agricultural results and behavioural change take time and they are less smoothed by averages).
    - 2 Seasons: Changes of PU/LF with only 2 seasons will count only a factor 0.25
    - 3 Seasons: Changes of PU/LFs with 3 seasons will count only a factor 0.5
    - 4 Seasons: Changes of PU/LFs with 4 seasons of data will count a factor 0.75
    - 5+ Seasons: Changes of PU/LFs with more than 4 seasons with be fully counted with a factor of 1

The general method for calculating Farm Variation Factors is:



The methodology for calculating Farm Variation Factors between seasons, depends on the existing number of data points:

- **1 Season:** the data for that PU/LF could not be used for these calculations.
- **2 Seasons:** The difference between the two seasons is calculated.
- **3 Seasons:** Final minus average of initial two seasons divided by 2.
- **4 Seasons:** Average of last 2 seasons minus average of initial 2 seasons divided by 3.
- **5 Seasons:** Average of last 2 seasons minus average of initial 3 seasons divided by 4.
- **6+ Seasons:** Average last 3 seasons minus average 3 initials seasons divided by number of seasons minus 1.

This approach prioritises averaging data from the initial seasons to ensure that any baseline effect is robust and minimises any disproportionate influence from newer data, whenever possible.

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	FACTOR
Value of indicator	10	8	9	3	5	6	No data	0
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	FACTOR
Value of indicator	No data	No data	No data	No data	No data	No data	5	0

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
Value of indicator	No data	No data	No data	No data	No data	7	5	0.25
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
Value of indicator	No data	No data	No data	No data	9	7	5	0.5
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
Value of indicator	No data	No data	No data	8	9	7	5	0.75
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
Value of indicator	No data	No data	12	8	9	7	5	1
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
Value of indicator	No data	11	12	8	9	7	5	1
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	
Value of indicator	10	11	12	8	9	7	5	1

Once each PU/LF has its own average variation per season for each indicator, some further aggregations are done in order to calculate the final figure:

- An aggregated (regional/national/global) variation estimate is calculated by weighting each PU/LF by their total production of cotton lint.
- To smooth external variabilities, a simple average of the variation factors for the previous 3 seasons is calculated, finally arriving to the provided figures.

In order to estimate the percentage of the variations, we perform the following:

1. Each PU/LF calculates the absolute variation and aggregated by each PU/LF cotton production as described above. (“aggregated variation”).
2. The latest season values of each indicator are aggregated for the entire PU/LF (weighted by lint cotton production). (“latest value aggregated”).
3. The percentage variation is calculated as "aggregated variation"/ (“Latest value aggregated"-"aggregated variation ").
4. Estimations of the percentage of variation is provided as the accumulated of previous 3 seasons.

Data Disclaimer: In some cases, data modelling is based on data collected from a limited number of seasons (e.g., fewer than 5). Even though weighting factors have been applied to mitigate these discrepancies, this data limitation should be acknowledged, particularly for very limited timeframes (e.g., 2-3 seasons). A broader dataset, encompassing additional seasons, would provide more robust and generalizable insights. The conclusions drawn should therefore

be interpreted with this limitation in mind, and further analysis with extended datasets, which will be built over time, is expected to bring greater accuracy and reliability.

Results Indicators Measured

Using the Results Indicator data collected annually from BCI Farmers, the Farm Variation Factors rely on the measurement of the following four indicators:

A. **Water for Irrigation**
   Water used for irrigation expressed in cubic metres, litres or US gallons per kilogram of lint cotton.
B. **Pesticide Active Ingredient**
   Amount of pesticide active ingredient expressed in kilograms or pounds per kilogram of lint cotton.
C. **Net Income**
   Net income per hectare of cotton production expressed as a %.
D. **Synthetic Nitrogen**
   Amount of synthetic nitrogen expressed in kilograms or pounds per kilogram of lint cotton.

Calculations for Each Indicator

Water for Irrigation:

- Water for irrigation is collected for all Farmers, both Producer Units and Large Farms, that use irrigation. In a Producer Unit (PU), not all Farmers are equal and thus percentage of Farmer within a PU that have irrigation can range from 0 to 100%.
- Total water used from the samples in a PU are summed and divided by the total amount of cotton lint produced by those sampled Farmers. This metric thus does not represent the average of water used by irrigated Farmers, but the average of water used for irrigation to grow a 1 metric ton of lint cotton in a producing unit, irrespective of the proportion of Farmers with irrigation systems over time.

Pesticide Active Ingredient:

- BCI and its Programme Partners collect data from Producer Units and Large Farms on the quantities of active ingredients used, as these are the components of pesticides that are most hazardous to human health and the environment. Even small quantities can have a significant toxic impact. For many synthetic crop protection products (including pesticides, herbicides, fungicides, insecticides, etc.) these active ingredients represent a smaller portion of the total product volume.

Net Income:

- Net Income is collected at a Producer Unit level, which means that only Smallholder and Medium Farm data is reflected in this claim. Large Farms are excluded from the scope of this claim.
- BCI and its Programme Partners collect income and costs of growing cotton in local currencies. To be able to compare over time and aggregate the results, some extra calculations are done:
    - Annual inflation rates are applied historically to facilitate comparison with the latest season.
    - Latest annual average currency exchange to USD are applied to the final variations before the global aggregations.
    - Currency exchange rates, inflation and international prices fluctuations could have a large impact on these aggregated estimations.

Synthetic Nitrogen Fertiliser:

- BCI and its Programme Partners collect synthetic fertiliser quantities from Producer Units and Large Farms, regarding the ratio of macro nutrients of each fertiliser. This indicator considers the amount of synthetic nitrogen in the fertiliser used per unit of lint cotton production.
- It does not consider the added nitrogen in the form of manure or other organic sources.

II Farm Results Contribution Claims

Retailer Brand Buyer Member Financial Contribution

Retailer, Brand, Buyer (RBB) Members of the Better Cotton Initiative who source BCI Cotton generate critical financial support for BCI's field projects around the world by paying a Volume-Based Fee (VBF) on the amount of metric tons of BCI Cotton lint sourced through our programme. The amount generated from Volume-Based Fees goes directly towards the GIF, a fund for Farmer Capacity Strengthening activities. See Annexe 2 for a visual diagram explaining how the impact of VBF contributes toward field level impact.

Farm Contribution Results Calculation

The Farm Contribution Results for a given RBB Member are calculated as follows:

Simplified Equation:

[Farm Variation Factor per kg of BCI Cotton] * [Volume sourced by RBB Member in metric tons] = Farm Contribution Results

RBB Member Claims for Farm Contribution Results

Subject to the requirements below and upon request by an eligible RBB Member, an RBB Member will be issued their Farm Contribution Results in the form of a calculator (see Annexe 1), containing the specific Claims related to the Farm Contribution Results that may be made. The Claims that may be made relate to the following:

Required Pre-Claim Text:

'Through the fees we pay for sourcing BCI Cotton, we contribute to the funding of field-level projects and farmer capacity strengthening through the BCI Growth and Innovation Fund (GIF). + [insert Farm Results Contribution Claim]'

Farm Results Contribution Claims:

1) **Water for Irrigation:**

*'Our sourcing of BCI Cotton in [insert year], supported farmers participating in GIF-funded projects to [save] an **estimated XX m3** of water over the last growing season.*

*Farmers using irrigation participating in GIF-funded projects [decreased] their water application per metric ton of cotton lint by an **estimated 2.2%** over the last 3 growing seasons.'*

2) **Pesticide Active Ingredient:**

*'Our sourcing of BCI Cotton in [insert year], supported farmers participating in GIF-funded projects to [avoid] an **estimated XX kg** of pesticide active ingredient over the last growing season.*

*Farmers participating in GIF-funded projects [decreased] their pesticide active ingredient use by an **estimated 11.1%** over the last 3 growing seasons.'*

3) **Net Income:**

*'Farmers participating in GIF-funded projects [increased] their net income per cotton hectare by an **estimated 14.7%** over the last 3 growing seasons.*

**Farmers experience net income increases for a variety of reasons, most commonly due to increased yields and/or optimised use of inputs (such as irrigation water, pesticides or synthetic fertiliser). However external variations like prices or weather have a large influence.'*

4) **Synthetic Nitrogen Fertiliser:**

*'Our sourcing of BCI Cotton in [insert year], supported farmers participating in GIF-funded projects to [avoid] an **estimated XX kg** of synthetic nitrogen over the last growing season.*

*Farmers participating in GIF-funded projects [decreased] their synthetic nitrogen use per kg of cotton produced by an **estimated 4.1%** over the last 3 growing seasons.'*

Note: Farm Variation Factors referred to in percentages above are calculated on an annual basis and reflect GIF funded programme level results, rather than a direct reflection of an RBBs contribution.

Fictional example use of Farm Contribution Results:

If an RBB Member was sourcing 144,000 metric tons of cotton lint on an annual basis, this is the type of claim wording they would be able to use in their reporting:

'Through the fees we pay for sourcing BCI Cotton, we contribute to the funding of field-level projects and farmer capacity strengthening through the BCI Growth and Innovation Fund (GIF). Farmers participating in GIF-funded projects decreased their irrigated water use per metric ton of cotton lint by an estimated 2.2%, decreased their use of pesticide active ingredient by an estimated 11.1%, increased their net income per cotton hectare by an estimated 14.7%* and decreased their synthetic nitrogen use per kg of cotton produced by an estimated 4.1% over the last 3 growing seasons.

Our sourcing of BCI Cotton in 2025 supported farmers participating in GIF-funded projects to save an estimated 1.67 million m3 of water, avoid an estimated 5,472 kg of pesticide active ingredient and avoid an estimated 337,968 kg of synthetic nitrogen over the last growing season. These results are based on sourcing 144,000 metric tons of BCI Cotton and the payment of an associated fee on this volume of [insert amount] Euros. The BCI methodology for this calculation is available here.

**Farmers experience net income increases for a variety of reasons, most commonly due to increased yields and/or optimised use of inputs (such as irrigation water, pesticides or synthetic fertiliser). However external variations like prices or weather have a large influence.'*

Note: Volumes used for season 2024/25, while Farm Variation Factor calculated using the average of seasons 2021/22, 2022/23, and 2023/24. Due to season 2024/25 in southern hemisphere not processed by the time of issuing these figures.

Requirements for Use of Farm Results Contribution Claims

Farm Results Contribution Claims shall only be made by Retailer Brand Buyer Members, as they are the only Members paying Volume-Based Fees, which are invested directly to the field programmes.

A Retailer Brand Buyer Member may request their annual Farm Contribution Results for the previous sourcing year directly through the myBCI portal.

Upon issuing the Farm Contribution Results, BCI will provide the Retailer Brand Buyer Member with this Farm Results Contribution Claims Methodology and Guidance document. The Retailer Brand Buyer Member shall adhere to the Claims outlined herein, as well as any additional requirements in the Claims Framework and shall not make any Claims beyond those specified.

If any data provided by BCI is manipulated in any way, or reporting relates to additional Farm Variation Factors not provided by BCI, the RBB Member shall publish a statement alongside the Claim that states that the data was not provided by the Better Cotton Initiative and does not relate to the BCI programme.

The claims contained within this document shall only be used for the purposes of sustainability reporting and shall not be used for any other marketing purpose, or on any other type of channel.

Guidance: The context in which Farm Results Contribution Claims are made should not give the audience the impression that improvements can be traced back to a specific farm, project or country or that they result in an overall benefit or improvement to a product or a product line's sustainability footprint. For further guidance on the context in which these claims can be used, please refer to the resources available on our website.

Timing for Farm Results Contribution Claims

The Farm Variation Factors average results over the last three (3) seasons to smooth out the seasonal variation inherent in agricultural production. The three seasons are the latest for which data has been cleaned, finalised and of good data quality.

For the 2025 sourcing year, it would be the seasons 2021-22, 2022-23, 2023-24. This is due in part since the southern hemisphere data for 2024-25 is only submitted at the end of 2025. The estimates of results reported will need to be considered as indicative of the direction of travel in terms of the RBB Member's contribution to improving how cotton is produced – there will always be a lag time between the seasons for which the latest Farm Contribution Results are calculated and the year in which the RBB Member sourced BCI Cotton.

The Timing for Results Calculation and Reporting

2025 Reporting Farm Contribution Results [2020-21 to 2022-23] * [Volume sourced by RBB Member in 2024] = RBB Member Farm Contribution Results.

2026 Reporting Farm Contribution Results [2021-22 to 2023-24] * [Volume sourced by RBB Member in 2025] = RBB Member Farm Contribution Results.

Contact

For further information on Retailer Brand Buyer Member eligibility and use of the Farm Results Contribution Claims, refer to the Claims Framework, or contact claims@bettercotton.org.

Annexe 1: Farm Results Contribution Calculator 2026

Example of the Farms Results Contribution Calculator:

Farm Results Contribution Calculator

Calculator Year:	2026			
Member Sourcing Period:	January 1 2025- Dec 31 2025			
Farm Contribution Factor Cotton Growing Seasons:	2021-22, 2022-23, 2023-24			
GIF Countries included in data:	India, Pakistan, China, Turkey, Mozambique			
Farm Variation Factors:				
Water per kg lint (m3/kg)	**Pesticide Active Ingredient per kg lint (kg/kg)**	**Net Income per hectare from cotton (PPP USD/ha)**	**Synthethic Nitrogen per kg lint (kg/kg)**	
-0.012	-0.000038		-0.0023	
-2.2%	-11.1%	14.7%	-4.1%	
		Unit	**Equation**	
Member Name	Insert RB Name			
Volumes Sourced (BCCUs + BCLEs)	144,000,000 *Manually enter*	kg of cotton lint		
Associated fee (Annual Volume-Based Fee)	Insert Gross VBF	EUR		
Water	-1,670,832	m3 water	#m3 water = volumes sourced x water farm variation factor per kg lint	Our sourcing of BCI Cotton in [insert year] supported farmers participating in GIF-funded projects to [save] an **estimated XX m3** of water over the last growing season.
	-1,670,832,000	litres water	#litres = volume water in m3 x 1,000	Our sourcing of BCI Cotton in [insert year] supported farmers participating in GIF-funded projects to [save] an **estimated XX litres** of water over the last growing season.
	-441,387,031	US gallons water	#USgallons = volume water in m3 x 264.17	Our sourcing of BCI Cotton in [insert year] supported farmers participating in GIF-funded projects to [save] an **estimated XX gallons** of water over the last growing season.
	-2.2%	%		Farmers using irrigation participating in GIF-funded projects [decreased] their water application per metric ton of cotton lint by an **estimated 2.2%** over the last 3 growing seasons

NOTE: This calculator only shows the data for a member's contribution to field results in Growth and Innovation (GIF) countries. BCI must review and approve any claims which will be made in the full context in which they will be used. Claims wording should not be edited unless expressly agreed with BCI and must not be used on, or in association with products.

Required pre-claim text:

Please ensure the following text is stated before a Farm Result Contribution Claim:

Through the fees we pay for sourcing BCI Cotton, we contribute to the funding of field-level projects and farmer capacity strengthening through the BCI Growth and Innovation Fund (GIF). + [insert Fram Results Contribution Claim]

Annexe 2: How RBB Sourcing Translates to Field-Level Impact

How RBB Sourcing Translates to Field-Level Impact