

# Better Cotton Chain of Custody Terminology and Definitions

Term	Definition
Audit	A systematic examination of records, processes, and practices to verify compliance with Better Cotton Standards.
Associated sub-contractor	A subcontractor who is not certified independently from the contracting organisation.
Batch	A quantity of products produced in a production run. It is up to the organisation conducting the processing to decide how big the batch will be, and how often these batches will be made. Each batch goes through the separate stages of the manufacturing process together. Meaning that another batch cannot begin, if the previous one is still within that part of the production cycle.
Better Cotton Label or Label	The claim used at the product-level to indicate that a product contains Physical Better Cotton.
Better Cotton Member	A company that has applied for and been approved as a member of Better Cotton. A full list of members is available at: <a href="https://bettercotton.org/findmembers/">https://bettercotton.org/findmembers/</a>
Better Cotton	Cotton produced by Better Cotton Farmers under the Better Cotton Standard System or recognised equivalent standards. More detail on recognised equivalent standards can be found at <a href="https://bettercotton.org/where-is-better-cotton-grown/">https://bettercotton.org/where-is-better-cotton-grown/</a>
Better Cotton Chain of Custody Registration Form	The form completed by the organisation prior to entering the Better Cotton Chain of Custody Programme.
Better Cotton Claims Framework	The Better Cotton Claims Framework enables organisations to make credible claims about their involvement in the Better Cotton programme. It defines the criteria for making claims and establishes the rules to ensure these claims are consistent, accurate, and trustworthy.
Better Cotton Claim Unit (BCCU)	A unit of measurement used for mass balance orders, representing 1 kg of Better Cotton lint sourced from a participating Better Cotton ginner. BCCUs quantify the volume of Better Cotton in the supply chain, ensuring volumes of Better Cotton sold in the market do not exceed volumes grown by Better Cotton Farmers.
Better Cotton Platform (BCP)	Better Cotton's online system for tracking purchases/ sales of Physical Better Cotton and Mass Balance orders. The BCP is a trademarked online system used only by Better Cotton and

	registered supply chain organisations that are buying, selling, or sourcing Better Cotton.
Better Cotton Principles and Criteria (P&Cs)	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 must meet to be licensed to sell their cotton as Better Cotton.
Blending	The process of combining multiple different materials of different types into a single product.
Brand	<p>An organisation that is responsible the design and development of finished goods. Brands may sell through their own channels or as wholesale to other organisations. This includes:</p> <ul style="list-style-type: none"> <li>• Organisations who sell product they source themselves but carry a licensed brand</li> <li>• Organisations who rent end-products they are responsible for to other entities</li> <li>• Organisations who sell finished goods to other organisations but will sold under their brand name</li> </ul>
Brand's Central Function	The main site or headquarters that is responsible for the brand's operations. Activities may include product development, buying, supply chain management, marketing, sales and administration.
Brand Affiliate Site	A subsidiary or associated office that operates under the same common ownership as the Brand's Central Function and is responsible for the purchasing of Better Cotton products and/or the application of product claims. This does not include warehouse or distribution sites.
Broker	Persons or organisations that facilitate trade between buyers and sellers of Physical Better Cotton and mass balance orders, but do not take physical ownership of the products. This definition excludes middlemen, who buy Better Cotton from farmers and sell to ginners.
Certification	A status awarded by a third-party certification body to a producer, supply chain company, or retailer and brand to confirm their compliance with the relevant Better Cotton Standard and requirements. This certification status, along with other Better Cotton registration/approval steps as relevant, gives the producer, supply chain company, or retail brand the right to trade Better Cotton and/or make Better Cotton claims.
Certification Body	An independent third-party responsible for assessing and verifying whether a product, process, business, or service complies with the requirements of the Better Cotton Standards. Certification Bodies conduct audits, issue certificates, and monitor ongoing conformity to the standard.
Chain of Custody	The documented path taken by products from the Better Cotton licensed farm to the point where the product is sold with a Better Cotton claim. The chain of custody scope includes each stage of

	sourcing, processing, trading and distribution where progress to the next stage in the supply chain involves a change of ownership or custody.
Common Ownership	The condition in which sites or companies are owned, either directly or indirectly, by the same individual or entity. This includes scenarios where one site owns another or where multiple sites are owned by a shared parent entity.
Controlled Blending	A CoC supply chain model that allows the mixing of Physical Better Cotton and Non-Better Cotton within a production batch, resulting in a percentage claim about the proportion of Physical Better Cotton used within the batch.
Conversion Factor	The ratio used to calculate the output quantity of a processed material relative to its input quantity. This factor accounts for material changes, such as weight, volume, or composition, that occur during manufacturing or processing stages.
Corrective Action Plan	A structured plan of action outlining the steps required to address a detected non-conformity.
Correction	The action to eliminate a detected non-conformity.
Cotton Trader	An organisation that takes legal and/or physical ownership of cotton lint but does not undertake any product transformation (processing and production for example).
Critical Control Point	A stage in a process where control is essential to prevent or eliminate a risk to the integrity or traceability of the CoC system. Critical control points may vary between organisations depending on their activities, but can include things like purchasing, warehousing, processing, internal transfer and sales.
Derogation	The process that is applied when circumstances mean a requirement or multiple requirements of the Better Cotton Chain of Custody Standard may not be relevant or applicable in a specific context.
Double-claiming	The act of making multiple claims for the same cotton material within the supply chain, resulting in the same item being counted as compliant under different schemes or certifications. E.g. Better Cotton that is also certified under a regenerative cotton programme.
Dyeing Mill	A facility where dyes or pigments are applied to textile materials such as fibres, yarns, and fabrics with the goal of achieving a desired colour.
End-Product Manufacturers	A company that purchases textile fabrics and converts them into finished products for sale, such as garments, accessories, or home textiles. These manufacturers focus on transforming raw materials into final, finished goods.
Fabric Mills	A facility that processes textile yarns and/or filaments to produce fabric. Fabric mills purchase yarn and transform it into woven, knitted, or non-woven textiles for further use in manufacturing end-products.

Finished Goods	Products that have completed all stages of production and manufacturing and are in their final form, ready for sale or distribution to the end user.
Ginner	A company that purchases seed cotton, processes it, and produces cotton lint bales.
Independent Sub-Contractor	A subcontractor that has their own independent certification against the CoC Standard.
Integrated Spinners	A company that processes textile fibres and/or filaments into yarn, fabric, and/or end-products, handling multiple stages of production within the supply chain.
Intermediary	An individual or organisation buying and taking ownership of seed cotton from farmers and selling it to ginner.
Inventory	The quantity of physical Better Cotton or BCCUs held by an organisation, as recorded in their BCP account. This includes all stock available for storage, further processing, distribution, or sale.
Management System	A structured set of policies, processes, and procedures implemented by an organisation to effectively manage its operations and meet the objectives of the CoC.
Mass Balance	An accounting system that allows claims, in the form of Better Cotton Claim Units (BCCUs,) to be administratively transferred between cotton-containing products within a site. It ensures that the quantity of physical cotton sold as a Mass Balance orders with BCCUs cannot exceed the quantity of cotton purchased with BCCUs (accounting for relevant conversion rates) across the supply chain.
Mass Balance Order	Any cotton or cotton-containing product (after ginner level) which is bought or sold under the Mass Balance CoC model.
Non-Better Cotton	Refers to any cotton that was not produced by Better Cotton Farmers in compliance with the Better Cotton Principles and Criteria, or farmers in compliance with benchmarked standards recognised by Better Cotton. This includes conventional, organic, recycled, regenerative, and other types of preferred cotton.
Non-conforming product	A product or transaction that does not fully meet the requirements in the CoC Standard, resulting in non-compliance and the loss of any associated claims until the issue is rectified and compliance is restored.
Non-Member BCP Suppliers	Organisations required to use the Better Cotton Platform (BCP) for purchase and sale of physical Better Cotton or Mass Balance Orders, such as fabric mills, non-lint traders (yarn/ fabric traders), vertical mills, end-product manufacturers, or sourcing agents, which are not members of Better Cotton. More information on membership can be found at: <a href="https://bettercotton.org/better-cotton-platform/">https://bettercotton.org/better-cotton-platform/</a>
Organisation	The individual or legal entity that holds or applies for certification and is responsible for demonstrating compliance with the applicable requirements upon which the certification is based.
Outsourcing	The practice of contracting external parties to perform specific process or services.

Outsourced Activities	Processes related to the handling, processing, manufacturing, storage or distribution of certified products performed by an external entity on behalf of a certified organisation. This excludes the outsourced warehousing and storage of finished goods.
Physical Better Cotton	Cotton produced by Better Cotton producers and traded under the Physical CoC models (Segregation Single Country, Segregation Multi-Country and Controlled Blending).
Physical CoC Models	Supply chain models that track physical movement of Physical Better Cotton through the supply chain. These models are made up of Segregation Single Country, Segregation Multi-Country and Controlled Blending only.
Physical Identification of Materials	The process of marking, labelling, or otherwise distinguishing materials in a way that allows them to be traced and verified throughout the supply chain.
Physical Possession	The act of having direct control or custody of materials at a specific location within the supply chain, including the responsibility of handling, storage or transportation. This applies to both main sites and associated sites under the organisation's management.
Physical Separation of Materials	The process of ensuring that Physical Better Cotton is kept distinctly separated from Non-Better Cotton, with clear measures in place to prevent any opportunity for commingling throughout the organisation's processes.
Product-Level Claim	Any statement, logo, QR code or weblink that is either physically attached to a product or directly associated with the sale of a product or range of products either electronically or on print materials.
Retailer	An organisation that sells products from different brands directly to consumers.
Reviewer	A person or committee who is responsible for all information and results related to the assessment. The person/committee shall be competent and independent from the assessment.
Root Cause	The underlying cause(s) of a problem, which, if adequately addressed, will prevent a recurrence of that problem.
Second Party Assessment (2 <sup>nd</sup> Party Assessment)	An external audit conducted on a supplier by a client or by an organisation contracted by the client. In this case it will be done by Better Cotton staff or by an implementing partner directly contracted by Better Cotton to evaluate supplier compliance with the Better Cotton Standards.
Segregation (Multi-Country)	A CoC supply chain model that requires separation of Physical Better Cotton and Non-Better Cotton from farm level onwards and does not allow mixing or substitution. The model is applied when the Physical Better Cotton originates from multiple (more than one) countries.
Segregation (Single Country)	A CoC supply chain model that requires separation of Physical Better Cotton and Non-Better Cotton from farm level onwards and does not allow mixing or substitution. All organisations applying this

	model shall ensure that Physical Better Cotton material from a single country is kept physically separate from all other cotton sources, including cotton from different Better Cotton production countries.
Self-Assessment	An annual review conducted by an organisation to evaluate its activities and ensure compliance with all requirements within the scope of its certification.
Site	A single functional unit of an organisation or a combination of units situated at one locality, where a supply chain organisation carries out production or processing. Organisations may have multiple sites. All sites involved in the CoC for physical Better Cotton shall be registered separately with Better Cotton.
Sourcing Agent	A company that buys finished products from end-product manufacturers and sells these products to retailers and/or brands.
Spinner	A company that processes textile fibres and/or filaments into yarn through the spinning process. Spinners purchase raw fibres and transform them into yarn, which is then sold to fabric manufacturers or other textile producers. They may also handle by-products such as spinning wastage or combing fibres.
Subcontractor	An independent company hired or leased by an organisation to carry out specific activities on certified product that fall within the scope of the organisation's CoC.
Supplier/ manufacturer	Any organisation that runs for-profit activity within the cotton supply chain beyond the farm-gate and before the retail, from buying and selling to processing. This definition excludes middlemen as well as agents and brokers.
Temporal separation of materials	The process to ensure Physical Better Cotton is kept separate from Non-Better Cotton, typically by processing the different types of cotton at different times or by batches.
Tier 1 Supplier	A direct supplier to an organisation, typically focused on providing finished goods.
Unfinished Goods	Products that have undergone some level of processing but have not yet reached their final form or stage in the manufacturing process. These goods are typically in an intermediate state, such as yarn of fabric, requiring further processing, assembly, or transformation.
Upstream supplier	A supplier that provides raw materials, components, or services earlier in the supply chain, before the cotton reaches the organisation.
Vertically Integrated Spinners	A company that manages the entire production process from start to finish, including yarn preparation (carding, drawing, spinning), through to fabric production (weaving/knitting), and the dyeing and finishing of apparel.
Volume Reconciliation	The process of ensuring that the volumes of Better Cotton products purchased, held in inventory, and sold are accurately balanced.
Warehousing	The process of storing goods in a designated facility or warehouse before they are distributed or sold.



Warehousing and Distribution Site	A site that takes physical possession of Better Cotton for storage and distribution, without engaging in any processing or transformation of the products.
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