



**COTTON**  
MADE IN  
**AFRICA**

# COTTON MADE IN AFRICA

Chain of Custody Guidelines

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# I. INTRODUCTION: COTTON MADE IN AFRICA

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Cotton made in Africa (CmiA) is an Aid by Trade Foundation (AbTF) initiative that was established in 2005. Its objective is to help smallholder farmers help themselves through trade and to improve the social, ecological, and economic living conditions of smallholder cotton producers and their families in Sub-Saharan Africa.

The initiative does not employ a donation-based approach. Instead, it seeks to activate market forces. Today, a number of international retail companies who are members of the demand alliance buy the raw material at world market prices. AbTF offers these companies support in integrating sustainably produced cotton into their value chains. CmiA is processed into clothing and home textiles in all of the world's major textile production markets as well as some African countries. At the end of the textile chain, the partner companies pay a nominal license fee back to the initiative.

This income is directly reinvested to benefit smallholder farmers in the project countries. AbTF finances qualification programs that teach smallholder farmers about efficient and environmentally friendly cultivation methods in accordance with CmiA certification criteria. These include proper and efficient use of pesticides and fertilizers, measures to maintain soil fertility, and water management techniques which make it possible for CmiA to be produced exclusively without artificial irrigation. These and other approaches ensure that CmiA cotton has a considerably smaller ecological footprint than conventionally grown cotton. It also helps farmers increase yields, thus improving their income. Additionally, the foundation supports community programs mainly in the areas of improving educational infrastructure and empowering women.

Whereas the overall responsibility for Cotton made in Africa is shared by the Management Boards of the Aid by Trade Foundation and ATAKORA Fördergesellschaft GmbH, ATAKORA is responsible for marketing the rights of the "Cotton made in Africa" brand, the supply chain as well as sales management.

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# II. CHAIN OF CUSTODY GUIDELINES

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These Chain of Custody (CoC) guidelines provide guidance on Cotton made in Africa's CoC requirements for all supply chain participants including retailers and brands, traders, and spinners.

The AbTF offers one standard system for the implementation of CmiA. This system is called the **“Mass Balance” (MB) system**.

Should a retail partner choose to use another system, they are free to use **B) “Hard Identity Preserved” (HIP)**, which is basically the use of CmiA cotton in the finished product. To be able to do so, the retail partner has to fulfill certain reporting criteria to be able to use the special HIP hangtag on the product.

These CmiA CoC Guidelines are developed for a third party check of process- and control management. We therefore follow quality requirements with respect to standards, quality and processes. The quality of data have to fulfill the criteria of:

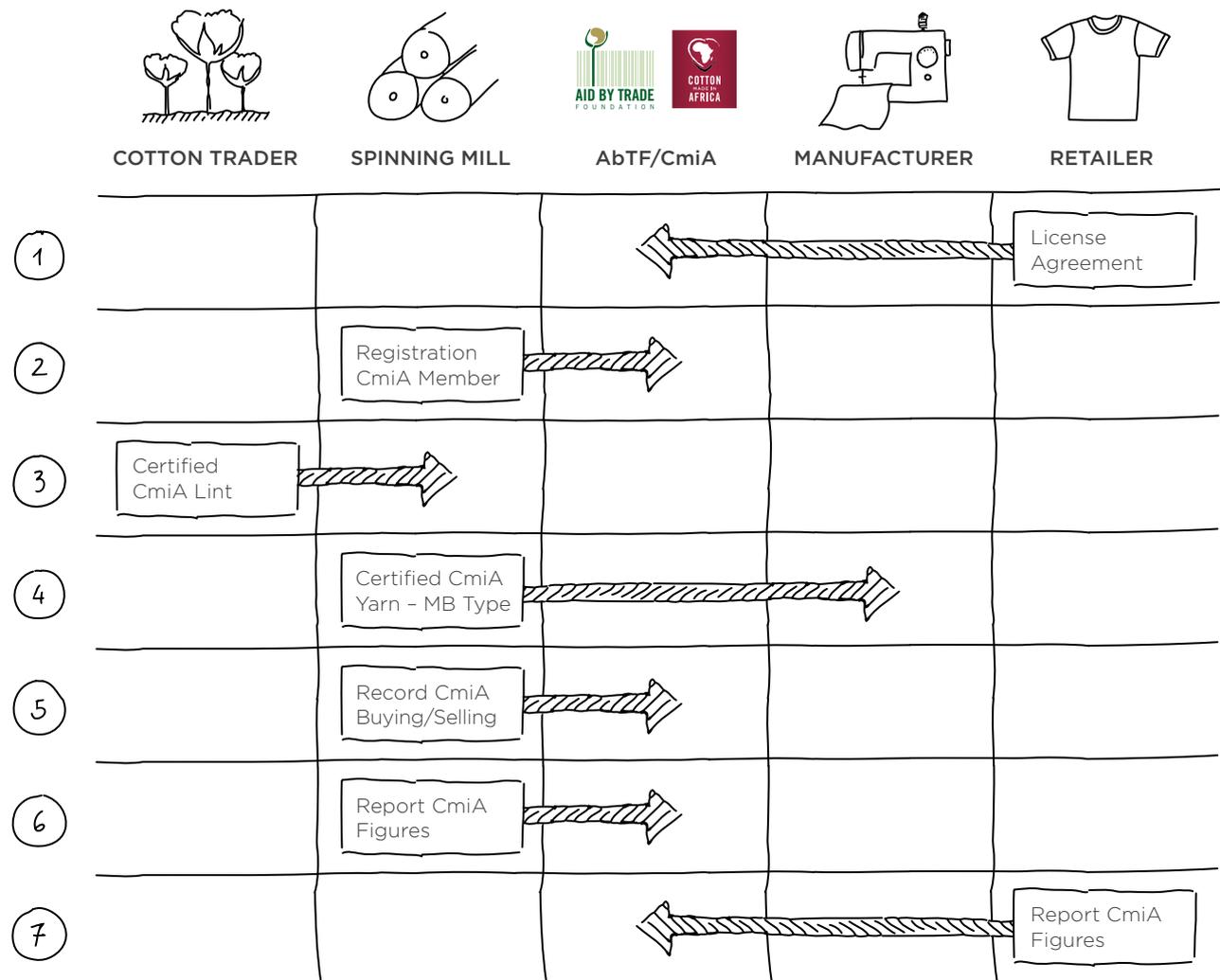
## **ACCURACY - CURRENTNESS - RELIABILITY - COMPLETENESS**

To keep the two systems as flexible as possible for CmiA partners and as transparent as needed, AbTF offers and strongly recommends that the entities use their existing systems and procedures to fulfill the framework conditions wherever possible. Additional functions or monitoring measures should only be implemented as needed. The overall goal of the framework conditions is to maintain a system that offers as much traceability as possible when integrated into the operational systems, controls, and processes while simultaneously saving time and costs. However, should the existing systems not fulfill the required quality criteria we request they be changed according to the 3rd party data quality requirements.

# III. THE MASS BALANCE (MB) SYSTEM

AbTF offers its retail partners the implementation of CmiA according to the MB system. The spinning mill buys a CmiA certified cotton bale and processes the cotton according to their needs. The MB system merely checks how much cotton the spinning mill has purchased and how much yarn has been sold as CmiA. It is not required for CmiA yarn to contain the cotton; it can be produced from any other cotton, as long as the quantity of yarn sold is not higher than the cotton purchased.

## MB FORMAL SYSTEM REQUIREMENTS OVERVIEW



# 1. MB PROCESS DESCRIPTION

The process of the implementation of CmiA according to the MB system is fixed and has to be followed by all parties. Certain supporting documents are developed and must be used to be able to keep the data quality on a high level.

To be able to keep track of the information and data, AbTF runs a tracking system which provides the necessary transparency for all transactions related to CmiA. The required information for the tracking system is generated from the different parties of the supply chain and needs to be provided to the back

office management (**BOM**) of the tracking system. The contact information will be provided by AbTF.

The BOM is in direct contact with the spinning mills to generate the related information and acts on behalf of AbTF. The tracking system has certain control functions which are documented in the **process description of the Tracking system**.

The final authority for any kind of error is the ATAKORA.

# 2. SPINNING MILL PROCESS REQUIREMENTS

## SPINNING MILLS REGISTER AS CmiA PARTNERS

- Every spinning mill wishing to become registered with CmiA has to fill out the registration template which includes the acceptance of the CmiA code of conduct (form 2 / 3). The form is available online or can be requested from the AbTF.
- The spinning mill has to pay the actual fee for registration. The invoice for that is issued by the AbTF.
- After receiving the template and the payment, the spinning mills receives a registration number and a registration certificate from AbTF.
- The validity of the certificate is 12 months. After the 12 months, the AbTF will contact the spinning mill for an extension.
- The registration templates are kept for references at the foundation.
- A spinning mill cannot be registered if no CmiA cotton has been purchased. The proof of this needs to be sent to the AbTF.

## SPINNING MILL PURCHASES CERTIFIED CmiA COTTON

- The spinning mill is just allowed to purchase CmiA cotton from registered cotton traders. The list of cotton traders can be found on our web-page, or can be requested from AbTF. Should the spinning mill purchase CmiA cotton from a non-named spinning mill, the cotton cannot be considered as CmiA cotton and will not be booked in the tracking system.
- The spinning mill has to use the monthly information template for the cotton purchases and send the information together with a copy of the corresponding purchasing document to the BOM. The **form 1** has to be used.

## SPINNING MILL SELLS CERTIFIED CmiA YARN TO MANUFACTURERS

- With a valid registration certificate, the spinning mill is allowed to sell CmiA yarns according to the MB system.
- Every month, the spinning mill has to report its yarn sales activities in the reporting template **form 1** and send it together with a copy of the relevant sales document to the BOM. Should the reporting not take place, the BOM requests up to twice as many figures. If the figures are not sent to the

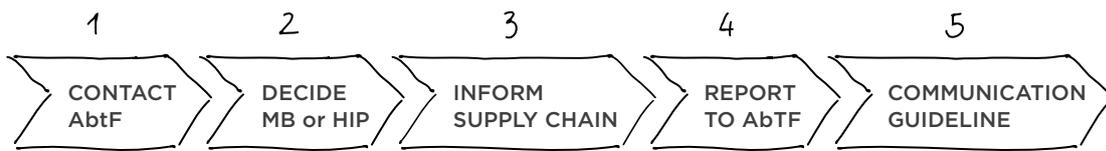
BOM, it will be reported to the Supply Chain Manager of AbTF, who will request the reports one last time. If the spinning mill still does not report, AbTF will take the spinning mill out of the list of nominated yarn suppliers.

- If the balance sheet in the tracking system turns red, the spinning mill has sold more yarn than they have purchased CmiA cotton. The spinning mill has to buy new CmiA cotton within the registration period. If they fail to do so, they will not be re-registered in the next registration period.

## 3. BACK OFFICE MANAGEMENT (BOM)

- The BOM is the operating authority for AbTF that:
  - a) communicates with the spinning mills
  - b) carries out and controls the data input
  - c) informs the management of CmiA in case of data errors
- BOM receives information about CmiA cotton purchased by the spinning mill. The spinning mill has to use the **form 1** for this purpose.
- BOM enters this data in the tracking system and keeps the pdf. copy in the system as proof.
- BOM proactively contacts the spinning mills on a monthly basis and requests information about yarn sales activities. For this information, **form 1** has to be used. The yarn sales information are entered in the system.
- If a registered spinning mill does not send a report, BOM will send a reminder twice. If the spinning mill still fails to send a report, the management of AbTF will be informed and send the last reminder.
- The BOM sends monthly management summary report to AbTF. If a spinning mill sells more yarn than they have purchased cotton, a red signal will inform about that. If a spinning mill does not re-purchase CmiA within the period of registration, no further certificate will be issued for the next registration period. The AbTF management is the authority to decide on this.
- At each step of the tracking system where documents are being used as communication, BOM will file a pdf. of the document in the system for controlling purposes.

## 4. RETAILERS



### CONTACT AbTF

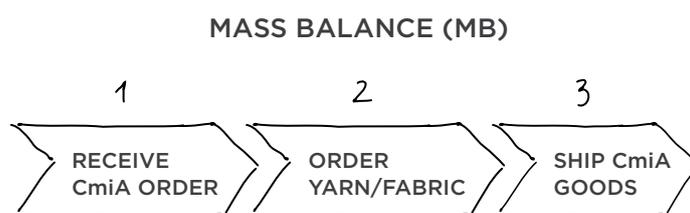
- Retailers sign the License Agreement with ATAKORA (the ATAKORA is the business arm of the foundation. Contracts for CmiA have to be done with this company) to receive status as a registered partner. This is the prerequisite for using the Cotton made in Africa brand and logo.
- The contract also defines the rights and duties of the retailer and the AbTF.

### DECISION FOR MB OR HIP

- The AbTF offers the Mass balance system. If the retailer wishes to work according to the Hard Identity Preserved (HIP) system, the AbTF needs to be informed about this prior to the signature of the contracts.
- Should a retailer decide to implement HIP, an annual audit of compliance by a third party is automatically accepted. The audit process will take place on the premises of the spinning mill, manufacturer and/or at the retail level once a year. The related expenses will be paid by the retailer.

- The retailer needs to inform the related business partners of their supply chain about their participation and use of CmiA. The most important participants to be informed are the manufacturer and the spinning mill.
- The retailers report according to the AbTF reporting system. Retailers are required to send a report document about the quantities of CmiA products which have been produced every three months.
- The AbTF Standard reporting template contains data such as: country of production, name of manufacturer, quantity of cotton used, shipment date, etc. and is a part of the partnership agreement.
- The report must clearly differentiate between products produced according to the MB or the HIP system.

## 5. MANUFACTURERS



### RECEIVE CMIA ORDER

- The manufacturer receives the CmiA purchase order from the retailer.

### ORDER YARN/FABRIC

- The manufacturer orders yarn only from CmiA registered spinning mills. The list of nominated spinning mills can be found on the web-page of CmiA.
- If the manufacturer purchases fabric instead of yarn, s/he must make sure that the fabric producer purchases the yarn from a CmiA registered spinning mill.

- The manufacturer is responsible for the correct ordering process of the fabric mill, thus has to make sure that the correct customer and the manufacturer is being named to the fabric mill.

- It is recommended that the manufacturer requests a valid CmiA registration certificate from the spinning mill.

### SHIP CMIA GOODS

- It is recommended that all shipments according to the CmiA requirements are clearly marked on the shipping documents but the final decision for the procedure is taken by the retailer.

## 6. COMMUNICATION GUIDELINES

The proper procedures for communicating with CmiA are described in the CmiA Communication Guidelines. All entities involved in the supply chain of CmiA (cotton traders, spinning

mills, manufacturers, retailers) are required to comply with the CmiA Communication Guidelines. This separate document is available at: [www.cottonmadeinafrica.org](http://www.cottonmadeinafrica.org).

## 7. DOCUMENTS AND TEMPLATES

- AbTF recommends that all entities such as cotton traders, spinning mills, manufacturers, and retailers make use of their existing systems and procedures to fulfill the CmiA framework conditions. However, certain documents and templates for communication, registration and reporting must be used by all participants in the CmiA supply chain in order to ensure an efficient and reliable CmiA management system.
- All templates and documents mentioned in these CoC Guidelines are listed below. They are available at [www.cottonmadeinafrica.org](http://www.cottonmadeinafrica.org) or from AbTF.

### DOCUMENTS

- CmiA Communication Guidelines
- CmiA Logo Guidelines
- License Agreement with ATAKORA

### TEMPLATES

- Form 1 – reporting template
- Form 2 – registration template
- Form 3 – code of conduct

## 8. SANCTIONS

Any spinning mill failing to demonstrate compliance with the CmiA MB criteria as prescribed in these CoC Guidelines loses the license to process CmiA MB type yarns immediately.

Any entity failing to demonstrate compliance with the CmiA HIP criteria as prescribed in these CoC Guidelines IV. (s. page 11) loses the license to process CmiA HIP type products immediately. The affected entity must inform

its CmiA HIP business partners immediately after accepting the auditor's report about the failed audit.

An entity failing an audit must re-apply for a subsequent audit with a qualified auditor and seek registration at his or her own cost.

ATAKORA management reserves the right to take any legal action if necessary.

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# IV. HARD IDENTITY PRESERVED (HIP) – OPTIONAL

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The HIP system requires that the CmiA declared products actually contain at least 50% CmiA certified and traceable lint. The remaining 50% may contain any other (including non-cotton) material. Content claim as well as product labeling is possible (> communication guidelines, logo guidelines).

All entities that are part of the supply chain for a HIP garment are subject to the CoC HIP system requirements. The system requirements include all main participants in the CmiA cotton supply chain (supply chain entities): cotton traders, spinning mills, manufacturers, and retailers. The traceability of CmiA HIP is achieved by creating a verifiable link between supply chain entities, regardless of whether different entities act alone or are integrated. Traceability is achieved, as long as all entities in the chain of custody adhere to the system requirements.

## HIP SYSTEM REQUIREMENTS DESCRIPTION

### LICENSE AGREEMENT RETAILER-ATAKORA

- Retailers sign a license agreement with ATAKORA to receive status as a registered partner. This is the prerequisite for using the Cotton made in Africa brand and logo.

### CmiA REGISTRATION FOR COTTON TRADERS, SPINNING MILLS, AND MANUFACTURERS

- Cotton trader: Registration and annual renewal is done using the registration template.
- Spinning mills: Registration as an AbTF CoC Member occurs annually using the registration template (including the requirements for spinning mills).
- Manufacturer: Registration and annual renewal with the registration template.

### SEGREGATE CmiA LINT, CmiA YARN, AND CmiA GOODS

- The CoC actor ensures that the CmiA material can be traced back to its CmiA country's origin and that it has been kept physically isolated from other sources in the facilities.
- The cotton trader, spinning mills, and manufacturers ensure that CmiA HIP type products are segregated from other products at all times.
- Segregation may be physical (e.g. separate production lines) or temporal (e.g. separate production runs).
- Where subcontractors are used, the respective entity must demonstrate that the procedures implemented ensure that product leakage or mixing with materials other than those intended, is prevented at all times. An inclusion of subcontractors in the audit is at the discretion of the lead verifier, particularly in the case of reasonable doubt regarding compliance.

## **LABEL CmiA LINT, CmiA YARN, AND CmiA GOODS**

- The Chain of Custody participant ensures that CmiA HIP products are clearly identifiable at all times. This can be accomplished by physical visibility (e.g. on-product flag) and/or administrative visibility (e.g. by clearly relating a physical good to a document and/or system entry which is flagged).
- The Chain of Custody participant assures that when CmiA HIP type products are sold, it is clear from the documentation that the physical goods are a CmiA HIP type product, and are specifically identified as such, e.g. through the use of a specific numerical CmiA code, label, etc.

## **SELL AND SHIP VERIFIED CmiA LINT, CmiA YARN, AND CmiA GOODS**

- The Chain of Custody participant only buys CmiA HIP products from suppliers who are also registered with the AbTF.
- The CoC participant verifies upon conclusion of the purchase contract that his suppliers have a valid registration with the AbTF. The Chain of Custody participant verifies that purchased material is a CmiA HIP type product.
- The responsibility lies with the receiving party to always ensure that the delivering party (vendor) holds a valid registration.

## **RECORD CmiA LINT, CmiA YARN, AND CmiA GOODS**

- The Chain of Custody participant maintains accurate, complete, current, and accessible records and reports for CmiA HIP goods covering all relevant business processes. This includes, for example, orders, incoming goods, storage of raw material and/or finished goods, intermediate processes such as quality control, production, and goods out.
- The Chain of Custody participant reconciles amounts of CmiA HIP type inputs bought and CmiA HIP type outputs sold. The records are adequately kept and make it possible to trace back from any given output to the CmiA HIP type inputs.
- The Chain of Custody participant must record relevant data for a minimum of five years. Relevant records could include but are not limited to purchase and sales documents, production records, and volume summaries.

## **SPINNING MILL REPORTS CmiA FIGURES TO AbTF**

- The Retailer is required to report ordered CmiA textiles using the reporting template provided by the AbTF.
- This report should be sent every three months to AbTF and includes the countries and manufacturers from where CmiA HIP type products have been purchased.

## **RETAILER REPORTS CmiA FIGURES TO AbTF**

- The retailer is required to send a report of CmiA goods purchased from the manufacturers (CmiA HIP type) every three months using the report template provided by the AbTF.



**FORM 2  
REGISTRATION TEMPLATE**



<b>Name of Company</b>		
<b>Address (Headquarters)</b>	Building	
	Street	
	City	
	State	
	Postcode/Zip	
	Country	
	Website	
<b>Contact Person</b>	Name	
	Position within company	
	Telephone	
	Email	
<b>Date your organisation was established</b>		
<b>Brief description of your company's key activities/ What are you producing?</b>	Yarn	
	Fabric	
	Ready Garment	
<b>Do you work with or purchase any form of non-conventional cotton e.g. Organic/Fairtrade/Cotton Made in Africa/other?</b>		
<b>Please confirm compliance with the ATAKORA Code of Conduct outlined in the Appendix</b>		
<b>Signature</b>		
<b>AbTF internal CmiA Certificate</b>	No.	Valid until

**Appendix 1 to the Registration Agreement between ATAKORA / Third Party**

**ATAKORA Code of Conduct**

**I. General**

In the course of conducting business, our Partners follow the respective applicable country-specific laws and regulations.

**II. Employment**

We work solely with Partners who recognise their responsibility to their employees and those of their contractual partners. When conducting business, Sponsor adheres to the following principles in particular:

- Partners shall not employ a person below the minimum age specified by respective local law and/or tolerate their employment. Regardless of the minimum age specified by respective local law, no one under 15 years of age is to be employed.
- Partners shall not make use of forced labour or tolerate same, including debt bondage and prison labour. No one shall be coerced into working by use of force or threats.
- Partners shall not use bodily, sexual, psychological or verbal harassment or abuse or tolerate the existence of same.
- Partners shall not discriminate or tolerate discrimination against anyone based on race, caste, nationality, religion, handicap, sex, sexual orientation, membership in an association or political beliefs, especially in connection with hiring, remuneration, education, promotion, termination or retirement.
- Partners must ensure that the legal minimum wage is paid at the very least and that wages paid are sufficient to cover the basic needs of employees.
- Working hours must comply with the applicable country-specific laws for the particular branch. Employees must be given at least one day off in every seven-day time period.
- Partners must ensure a secure, clean and healthy working environment (and living quarters as applicable). Sponsor must take measures to prevent accidents and damage to health that might occur in connection with work or the operation of equipment at the facility. Clean sanitary facilities, access to clean drinking water and hygienic means for storing food must be accessible to any and all personnel.

**III. Environmental guidelines**

Partners must comply with all the respectively applicable environmental laws and guidelines. Furthermore Partners shall endeavour to ensure the continual improvement of environmental conditions under which both Sponsor and its partners produce. When making operative decisions, the principle of sustainability is to be followed and the responsible use of natural resources, clean production, the prevention of environmental pollution and the development and use of materials, technologies and products oriented on the principle of sustainability are to be considered.

**IV. Visual representation in advertising**

Partners undertake to respect human dignity absolutely, in all its aspects. Within this the following benchmarks in particular apply to the Partners in their visual representation in advertisement:

- In their visual representation in advertising of people, especially of children, Partners must ensure that their dignity is not in any way impaired and that they are not shown in demeaning situations (for instance, visibly affected by hunger and/or illness, or scantily clothed). Visual representations of people and situations intended for advertising must accurately reflect reality and may not transmit false or misleading information concerning the identity of the people shown.
- Partners undertake to ensure a faithful and objectively correct visual representation and to ensure the factual transparency of its own underlying value system, motives and actions. Visual and written advertising must correspond to the objectives underpinning the partnership.

**V. Implementation and monitoring of these principles**

Partners hereby undertake to actively and fully support the implementation and monitoring of the principles detailed in § IV and to actively cooperate with the ATAKORA by

- providing ATAKORA with the relevant information on its activity;
- allowing its production facilities and its activities to be inspected at any time by ATAKORA;
- making available the written records of the full names, ages and actual working hours of all employees and the actual wages paid to them to ATAKORA, on the request of this same.

## CONTACT

General information is provided on the CmiA Website:  
[www.cottonmadeinafrica.com](http://www.cottonmadeinafrica.com)

Additional information is also available in our CmiA App:  
<http://app.cottonmadeinafrica.org/>

For all further information, questions, and cooperation concerning CmiA please contact:

**Christian Barthel**

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