

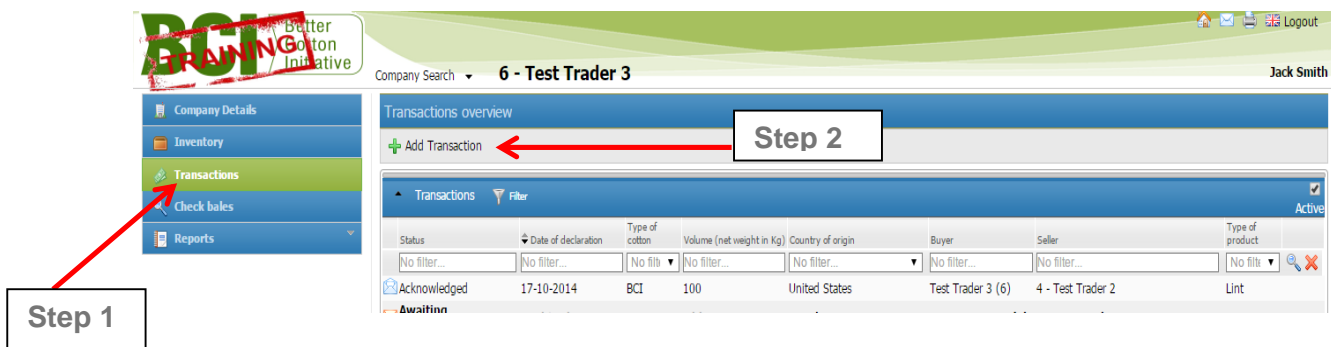
HOW TO USE THE BETTER COTTON TRACER

AUSTRALIAN MERCHANTS EDITION

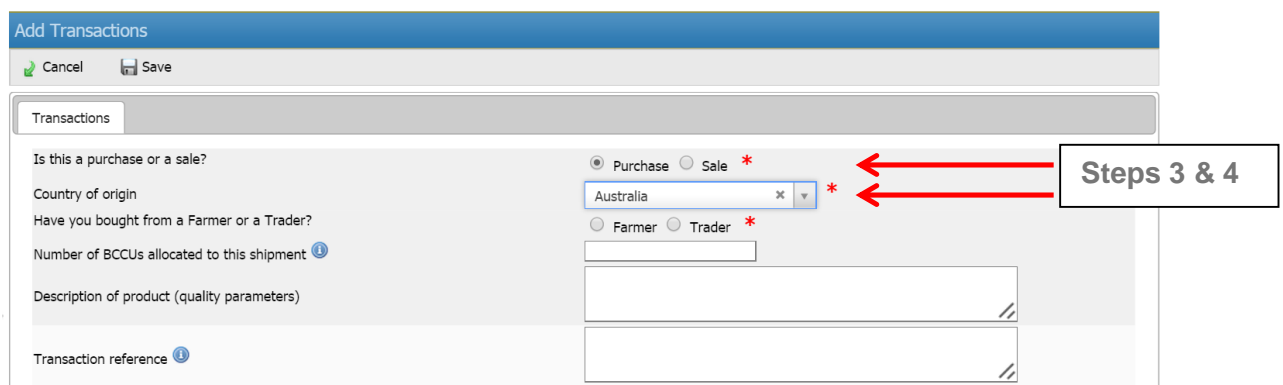
- Please download and read the Better Cotton Chain of Custody Guidelines before declaring purchases and sales of Better Cotton bales in BCI's online traceability system. This document is available at: <http://bettercotton.org/about-better-cotton/better-cotton-standard-system/chain-of-custody/>
- Cotton merchants are required to become a BCI member and to use the Better Cotton Tracer to register their purchases and sales
- BCI requires that cotton merchants apply a mass-balance admin. system with a country scope for their Better Cotton purchases and sales
- This means:
 - On the purchasing side, merchants are required to buy physical Better Cotton bales from BCI-licensed growers and register the volume purchased in BCI's traceability system. Since growers receive a BCI license for their entire production for a given season and they keep physical track of their bales from farm to gin, ginning factories are not required to register with BCI in Australia. Ginning companies are not required to become a BCI member either. Licensed seed Better Cotton of an Australian grower can be ginned by any ginning company in Australia.
 - On the sale side, merchants don't have to ship the physical Better Cotton bales they procured to fulfill Better Cotton orders by spinners. However, they still need to register the sold volumes in BCI's traceability system.
 - Merchants can swap conventional cotton bales with the same country of origin of the physical Better Cotton bales they procured to fulfill Better Cotton orders by spinners.
 - In the case of Australia, a merchant procuring Better Cotton from a BCI-licensed grower will earn BCCUs once they record their purchases in the BCI's system (1 BCCU for each kilo of lint Better Cotton). While fulfilling a Better Cotton order from a spinner customer, they can ship any bale from any grower regardless of the grower's having a BCI license or not as long as the bales being shipped are also Australian cotton. In other words, BCCUs earned by merchants are "origin specific" and cannot be replaced with another origin (i.e. Procuring Australian Better Cotton but shipping conventional Indian bales is not acceptable; procuring Australian Better Cotton and shipping conventional Australian bales is acceptable).

DECLARING YOUR AUSTRALIAN BETTER COTTON PURCHASES

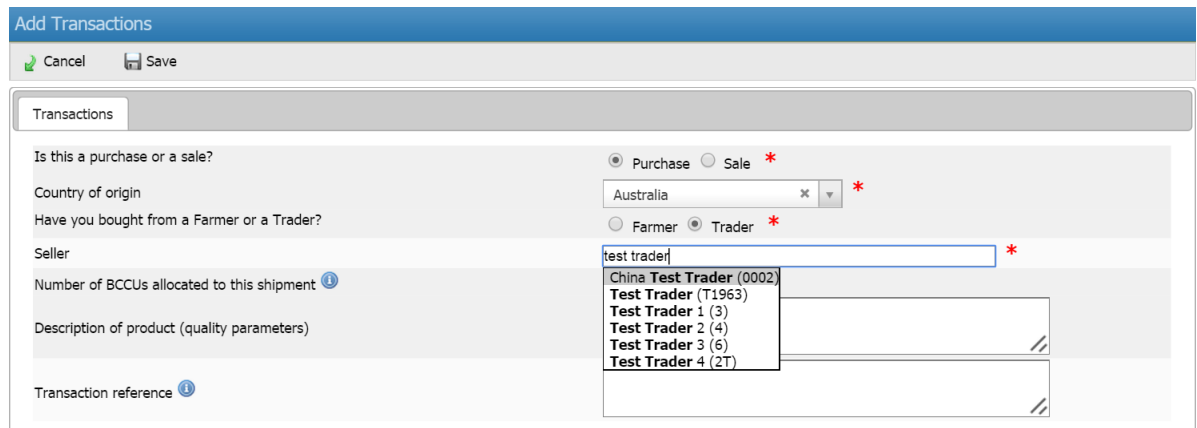
- Please follow these easy steps to declare your Better Cotton purchases with Australian origin:
 - Log into your account in the Better Cotton Tracer and:
 - Click on “transactions” **(step 1)**
 - Click on “add transactions” **(step 2)**



- In the next page, please select “purchase” and select “Australia” as the country of origin **(step 3 & 4)**



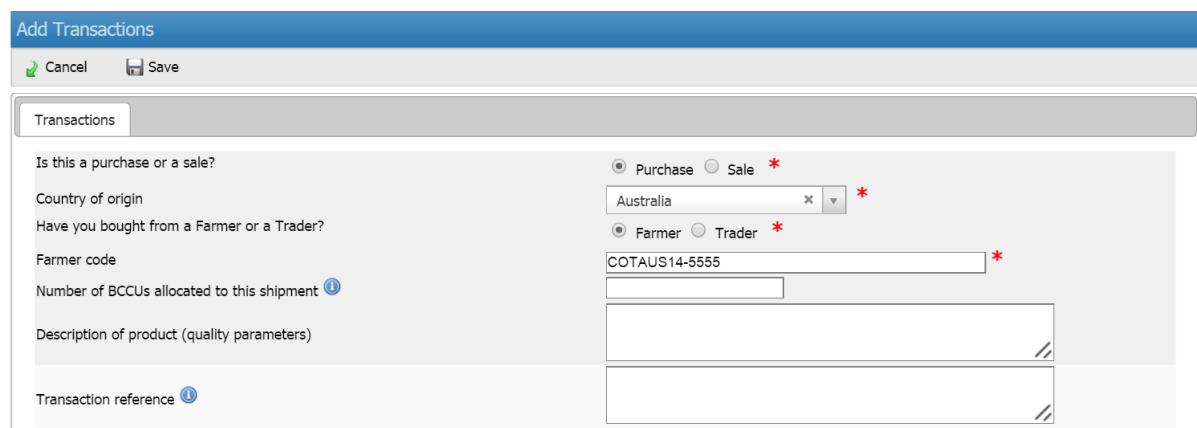
- Next step is to select “farmer” or “trader” as the seller of the bales you purchased (**step 4**)
- If you bought your Better Cotton from another merchant, please kindly select “trader” as the supplier. Next, you will need to enter the name of the trader that sold you the bales. Simply start typing the name of the trader in the box provided and you will see a list of names that appear in front of you. Simply, select the name of the trader that you procured the bales from:



The screenshot shows the 'Add Transactions' form with the following fields and values:

- Is this a purchase or a sale?**: Purchase Sale *
- Country of origin**: Australia *
- Have you bought from a Farmer or a Trader?**: Farmer Trader *
- Seller**: test trader| * (Dropdown menu is open showing: China Test Trader (0002), Test Trader (T1963), Test Trader 1 (3), Test Trader 2 (4), Test Trader 3 (6), Test Trader 4 (2T))
- Number of BCCUs allocated to this shipment**: [Empty]
- Description of product (quality parameters)**: [Empty]
- Transaction reference**: [Empty]

- If you bought your Better Cotton from a grower, please kindly select “farmer” as the supplier. If you select “farmer”, you will need the “BCI code” of the farmer to complete your purchase entry. This code can be obtained from your grower or from Cotton Australia. Please type this code into the box provided in the system:

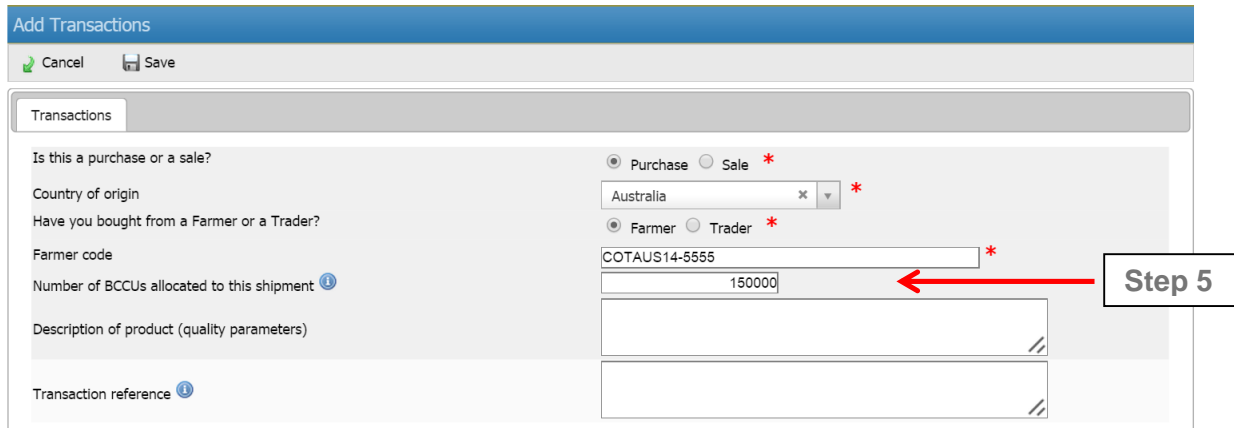


The screenshot shows the 'Add Transactions' form with the following fields and values:

- Is this a purchase or a sale?**: Purchase Sale *
- Country of origin**: Australia *
- Have you bought from a Farmer or a Trader?**: Farmer Trader *
- Farmer code**: COTAUS14-5555 *
- Number of BCCUs allocated to this shipment**: [Empty]
- Description of product (quality parameters)**: [Empty]
- Transaction reference**: [Empty]

- Should you have any trouble finding the name of the supplier you bought the bales from, please contact kerem.saral@bettercotton.org or Cotton Australia for assistance.

- Once you input the supplier, you will need to indicate the volume you're declaring the purchase of. All volumes are indicated in KGS in the BCI's system (step 5)



Add Transactions

Cancel Save

Transactions

Is this a purchase or a sale? Purchase Sale *

Country of origin Australia *

Have you bought from a Farmer or a Trader? Farmer Trader *

Farmer code COTAUS14-5555 *

Number of BCCUs allocated to this shipment 150000 ← **Step 5**

Description of product (quality parameters)

Transaction reference

Above entry is for 150 tonnes of lint (150,000 KGS)

- Entering a description of product and/or a transaction reference is optional.
- Once all the required information is entered, simply click on “save” to complete your purchase declaration (**step 6 – final step**).



Add Transactions

Cancel Save ← **Step 6**

Transactions

Is this a purchase or a sale? Purchase Sale *

Country of origin Australia *

Have you bought from a Farmer or a Trader? Farmer Trader *

Farmer code COTAUS14-5555 *

Number of BCCUs allocated to this shipment 150000

Description of product (quality parameters) Specs of the lint can be entered here

Transaction reference Contract number, L/C number or any other reference can be entered here

YOUR INVENTORY:

- For each KG you purchase, you will earn 1 BCCU (Better Cotton Claim Unit) in your inventory.
- BCCUs will be transferred to your account immediately if you declared the purchase from a “farmer”. Once you enter a purchase from a farmer, our system sends a notification by e-mail to this farmer. Please be aware of this.
- BCCUs will be transferred to your account upon “acknowledgement” by a trader, if you declared the purchase of the bales from a trader.
- BCI allows each member to draw their accounts down to -500,000 BCCUs (-500 tons). This means that you can start declaring your sales before your purchases. When your account balance becomes negative, you will have 4 months from that day to declare your Better Cotton purchases to bring your balance back to a positive number.

DECLARING YOUR BETTER COTTON SALES:

Declaring sales of “bales with BCCUs” is simple.

Step 1: Log into your Better Cotton Tracer account.

Step 2: Click on transactions; then click on “add transactions”

Step 3: Select “sold”; and select the Australia as the country of origin

Step 4: Start typing the name of the spinner or the name of the merchant in the box as the “buyer”. Once you start typing the name of the buyer, their name will appear; simply select their name. If you cannot find the buyer’s name in our system, please contact kerem.saral@bettercotton.org for assistance. All spinners and merchants must be BCI members and their names must be listed in our system before you can declare sale of bales to these companies.

Step 5: Enter the quantity of lint sold to the spinner or merchant – please remember that all volumes are indicated in terms of KGS in our system.

Step 6: You can fill in the description of product and/or transaction reference for future reference; however, these are not required fields to be filled by BCI.

Step 7: “Volume of Better Cotton replaced” refers to the conventional cotton bales you’re shipping to the spinner instead of the physical Better Cotton bales you’ve purchased from our growers. Under the mass-balance with a country scope, this is perfectly fine.

Example: You have purchased 100 KGS of Better Cotton from one of our growers. However, you only received 50 KGS of the bales so far and the second shipment of 50 KGS is scheduled for next month. In the meanwhile, you received an order for 100 KGS of Better Cotton from your customer for immediate shipment. You can go ahead and ship 50 KGS of physical Better Cotton and 50 KGS of conventional cotton with the same origin to fulfil the order and declare the sale in our system. In this case, you would enter 100 for the “total net weight of the lint in kilos” and enter 50 where the system asks for the “volume of Better

Cotton replaced in kg”. This is an optional field. Alternatively, under mass-balance with a country scope, you can also ship 100 KGS of non-BCI bales with Australia origin. In this case, the physical Better Cotton bales you retain can no longer be sold as Better Cotton.

Step 8: Once all the required fields are filled, simply click on “save”.

Once you click on save, the system will first check that you have enough BCCUs in your inventory to complete this transaction. If so, the transaction will be saved in your list of transactions and the customer will see a notification about your entry once they log into their account. They will have to review the details you entered and “acknowledge” the transaction before the BCCUs are transferred from your account to theirs.

All transactions between traders and spinners are “2-way” transactions; meaning one of the parties that involved in the transaction needs to enter the details and the other need to acknowledge them. A transaction can be initiated by either the “seller” or the “buyer”.