AID BY TRADE
FOUNDATION

Onboarding Audit for RCS Spinning Mills applying under the AbTF Transparency Standard

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1. Purpose and Framework of the Onboarding Audit

Objective

The onboarding audit aims to verify the applicant spinning mill's compliance with the segregation and transparency requirements of the Aid by Trade Foundation Transparency Standard (AbTF Transparency Standard), which is a prerequisite for becoming a supply chain member of the Regenerative Cotton Standard (RCS).

Spinning mills[1] applying for a membership with RCS must have the necessary management systems, tools, technical equipment, and setups to produce yarns according to the Chain of Custody requirements of the AbTF Transparency Standard, specifically focusing on the segregation and separation of RCS verified cotton origins throughout the production processes. The onboarding audit focuses on ensuring that RCS cotton and yarns are handled separately from other materials and that accurate documentation is maintained to support transparency and traceability along the supply chain.

The spinning mill must provide documentary evidence demonstrating that:

- only RCS-verified cotton is used as input materials for RCS yarn productions,
- these inputs are processed into RCS-claimed yarns in accordance with applicable Chain of Custody requirements and
- full traceability down to the RCS cotton origin can be demonstrated.

For the purpose of the audit, the spinning mill must have RCS cotton physically available on site to verify stock and traceability procedures. If no RCS yarn production is currently in process, the processes for other segregated claims will be reviewed to assess whether the spinning mill is generally capable of implementing such processes.

If any non-conformities are identified, they must be addressed through corrective actions before the RCS application can be approved.

Tasks and Responsibilities

The **control body** shall conduct independent assessments of spinning mills applying for RCS membership.

The scope of work includes:

- Contact the applying spinning mill and arrange the audit.
- Review relevant application documents and records prior to and/or during the audit.
- Conduct an on-site audit to verify compliance with RCS implementation and standard requirements,
- Act as the contact point for the spinning mill during the audit process and follow up where necessary.
- Hold a closing meeting with the spinning mill to present audit findings.

[1] This refers also to vertical set ups with a yarn production unit.

- Prepare and submit an audit report, including findings and identified non-conformities, to the Aid by Trade Foundation.
- Conduct audits in an independent, impartial, and professional manner.
- Ensure that audit findings are documented accurately and objectively.
- Maintain confidentiality of company information.

The **spinning mill** shall:

- Submit complete and accurate application documents and records within the required timelines.
- Cooperate with the control body in scheduling and conducting audits.
- Provide access to facilities, relevant documents, and responsible personnel.
- Maintain documented procedures, records, and systems necessary to demonstrate compliance with RCS requirements.
- Ensure that relevant personnel are trained and competent to perform tasks related to traceability, segregation, and transaction recording.
- Implement corrective actions within agreed timelines.
- Inform the Aid by Trade Foundation without undue delay of any significant changes that may affect compliance.

Key Verification Areas

Auditors reviewing the application and additional documents and conducting the on-site audits should focus on the requirements below:

- Physical Segregation: RCS cotton and RCS-claimed yarns are not mixed with other materials or products, and segregation is followed throughout all production processes (incl. waste) and storage.
- Documentation Accuracy: Records are complete, accurate, and up to date.
- Traceability: Internal systems are in place to track any input materials throughout the whole production process
- Tracking System Use: The personnel responsible are familiar with the RCS Tracking System and all relevant transactions are recorded in a timely, complete, and accurate manner.
- Staff Awareness: Employees are trained and understand how to meet the RCS requirements.

An auditor inspecting a factory should also monitor violations of general guidelines regarding human rights, environmental protection, occupational safety, labor rights, and child labor, documenting and reporting any such violations to Aid by Trade Foundation.

Aid by Trade Foundation will, based on the audit report, approve or refuse the RCS application of the spinning mill (see chapter 6).

2. Overview

This table provides a concise, yet thorough overview of the audit process stages.

Phase	Step	Details
1. Pre-Audit Preparation	1.1. Review Documentation	• Familiarization with RCS requirements on segregation and transparency • Review of the spinning mill's application and documents
	1.2. Audit Scope	• Confirmation of the audit scope • Identification of key processes like raw cotton storage and yarn production
2. On-Site Audit Activities	2.1. Opening Meeting	• Introduction of auditor, auditees and key personnel to confirm audit scope and schedule
	2.2. Physical Segregation Assessment	• Inspect storage areas and production lines for segregation of claimed and non-claimed material • Check for clear labels and no cross-contamination
	2.3. Documentation Review	• Examination of records for handling of claimed material to ensure accuracy and updates
	2.4. Transparency and Traceability	• Access to internal traceability or documentation system and the RCS Tracking System to review purchase, sales and production data
	2.5. Staff Training and Awareness	• Interview of staff on their understanding of RCS requirements
3. Post-Audit Activities	3.1. Closing Meeting	• Presentation of preliminary findings, non-compliances and next steps with the spinning mill's management.
	3.2. Reporting	• Providing detailed audit report with findings, compliance status, and audit result recommendation to AbTF.

3. Pre-Audit Preparation

Appointment

The auditor should contact the applying company within five (5) working days via email or phone to arrange the date and time for the on-site inspection. Additionally, the auditor should confirm the scope of the audit with the applicant, including the specific facility or facilities to be audited.

Audit Scope and Review of Documentation

The auditor should familiarize themself with the requirements of the AbTF Transparency Standard, especially focusing on segregation and transparency. The auditor should review the application and Self-Assessment information submitted by the spinning mill, along with any accompanying documentation. Additionally, key processes at the spinning mill, including raw cotton storage, processing, and record-keeping, should be identified.

Checklist and Tools

The auditor should prepare an audit checklist aligned with the requirements of the AbTF Transparency Standard and bring tools such as a camera for evidence collection, a notepad for observations, and any templates for reporting findings.

4. On-Site Audit Activities

Opening Meeting

During the opening meeting at the facility the audit team and auditees should introduce to each other, clarify roles and responsibilities and confirm the scope and schedule of the audit to the spinning mill's management team.

Key personnel and areas for inspection should be introduced by the spinning mill to the audit team.

Physical Segregation Assessment

During the on-site inspection the auditor should get access and examine the raw cotton storage areas (warehouses), all further production lines (incl. waste) and the yarn storage areas.
The auditor should inspect the raw cotton storage areas to verify that RCS cotton is physically segregated from non-verified cotton.

Also, it should be investigated if and how in general the segregation of certified/claimed material is followed by clearly marking cotton bales, production lines and yarn cones with labels, signs, or other identifiers.
The auditor should also observe production lines and check how the facility ensures that no cross-contamination between different raw materials occurs during processing.
Additionally, it should be investigated how cotton waste/noils are processed, stored and labeled.

In the end the auditor should also check on how the finished product, the RCS-claimed yarn, will be stored and labeled to ensure that only yarn produced correctly under the RCS requirements will be sold as RCS -claimed product.

Documentation Review

The auditor should examine relevant records related to the receipt, storage, and processing of RCS cotton, production of RCS yarns, and if applicable RCS cotton waste/noils, including[2]:

- Purchase records
- Storage inventory logs (raw material and finished goods)
- Production records, Batch tracking records
- Sales and delivery records
- Stock reconciliation records
- Outsourcing records (input and output records)

Based on these documents the auditor should verify that the mill maintains accurate and updated documentation for RCS-claimed yarns, and if applicable cotton waste/noils, at every stage.

Transparency and Traceability

The auditor should examine how the spinning mill ensures transparency and traceability at the audited facility. This might be done by the spinning mill with an IT software solution (e.g. SAP) or manual record keeping (e.g. xls, hand written documents).
The spinning mill has to provide the auditor with access to the internal traceability system in place and has to explain and document how RCS cotton will be tracked from raw material to finished product, e.g. by reviewing purchase orders, production reports and supplier contracts to ensure they specify RCS cotton. It shall be evident that clear and consistent records are maintained linking RCS cotton to specific production batches and sales.
The spinning mill has to proof that data and information outlined in respective documents correspond to data displayed in the internal tracking software or record books as well as the RCS Tracking System. Furthermore, the auditor shall verify that the assigned staff member is familiar with and effectively uses the RCS Tracking System, ensuring that all relevant production, inventory, and sales transactions are updated regularly, correctly, and in a timely manner.

Staff Training and Awareness

The auditor should interview key staff to assess their understanding of the RCS requirements and verify whether training on segregation and transparency protocols has been conducted.
The spinning mill shall provide objective evidence (e.g. training materials and participant lists) demonstrating that such training has been conducted.

5. Post-Audit Activities

Closing Meeting

The auditor should present the preliminary findings to the mill's management team, highlight any areas of non-compliance or opportunities for improvement, and provide an overview of the next steps.

Reporting

The control body has to provide a detailed audit report to Aid by Trade Foundation within ten (10) working days, including:

- Observations and findings (with supporting evidence)

[2] https://cottonmadeinafrica.org/wp-content/uploads/HIP-Onboarding-Audit_Checklist.pdf

- Areas of compliance and non-compliance
- Recommendations for corrective actions and audit result

6. Audit Result

6.1 Application approved

If the spinning mill can demonstrate:

- Compliance with RCS segregation requirements as outlined in the AbTF Transparency Standard
- A transparent and reliable traceability system.
- Comprehensive documentation supporting segregation and transparency

the RCS application will be approved Aid by Trade Foundation.

6.2 Application failed

If any non-conformities are identified and they cannot be corrected within a given timeframe through corrective actions, the RCS application will be denied.

A spinning mill that has failed an onboarding audit can reapply after addressing the issues identified during the audit. The spinning mill can apply once they have made the necessary corrective actions, and they can demonstrate that they have implemented the required improvements before reapplying for the audit.

7. Review of Audits

The onboarding audits should be repeated if:

- The spinning mill has failed the initial audit,
- regularly every two (2) years, or
- if there are significant changes to the spinning mill's processes, facilities, or management systems.

Failed Audit

After corrective actions have been taken, the mill should request a follow-up audit. This should ideally be done within a few months, depending on the extent of the issues that were identified.
The mill should demonstrate the implementation of corrective actions before reapplying.

Regular Review Cycles

Onboarding audits must be repeated periodically after two (2) years as part of ongoing compliance verification.

Significant Changes

If there are substantial changes to processes, systems, or management (e.g., new facilities, equipment, or major procedural adjustments), an onboarding audit may need to be repeated to verify that the new systems still comply with the required standards.

During the time between audits, the spinning mill should maintain continuous monitoring of the processes and systems to ensure they remain compliant with the standards set.

8. References

Related documents:

- Aid by Trade Foundation Transparency Standard: https://regenerative-cotton.org/files/AbTF_TransparencyStandard_Version1_6.2025.pdf
- Assurance Manual: https://regenerative-cotton.org/files/Assurance-Manual_AbTF-Transparency-Standard_Version1_6.2025.pdf
- RCS Membership Guidelines: https://regenerative-cotton.org/files/RCS_Membership-Guidelines.pdf
- Document Checklist: