

U.S. COTTON TRUST PROTOCOL GRIEVANCE PROCESS

Objectives

The U.S. Cotton Trust Protocol (“USCTP”) Grievance Process provides a forum for review and resolution of alleged violations of the Code of Conduct. It is intended to help ensure compliance with the commitments identified in the Code of Conduct and thereby uphold the values it reflects, while also protecting confidential information and ensuring expectations of privacy of individual USCTP Members.

Executive Summary

The Grievance Process is open only to USCTP Members, the Board of Directors, and the President of USCTP. Every complaint that is submitted will be reviewed by a Grievance Committee, formed from members of the Board of Directors. This Grievance Committee will first attempt to mediate a settlement of the complaint between the parties. After If at the discretion of the Grievance Committee such mediation is unsuccessful, then the Grievance Committee will report its conclusions and recommendations to the Board. If the Board finds that a violation has occurred, it will first attempt to resolve the matter through direct, confidential engagement with the violating entity, and where appropriate through mediation with the complaining party. If the violation is unresolved, or if the Board in its discretion finds the violation of the Code of Conduct to be sufficiently grave, the USCTP may revoke the membership of the violating Member. A decision to revoke the USCTP membership of the violating Member shall be (1) unanimous of the Grievance Committee, and (2) by a supermajority of at least two-thirds of the Board of Directors.

Who Can File a Complaint. A complaint may be filed by any Member of the USCTP, the Board of Directors, or the President.

Basis of a Complaint. A complaint shall be limited to an alleged violation of the Code of Conduct.

Confidentiality. The Board of Directors and the parties to the complaint shall treat as confidential and protect accordingly all information related to the complaint and the ensuing deliberations of the Grievance Process, including the fact of the complaint; except, the parties to the complaint may mutually agree to disclose information related to the complaint, subject to the approval of the President to ensure that such disclosure does not include information that may be reasonably used to identify any other USCTP Member without that other USCTP Member’s consent.

Costs. Each party shall bear the costs of its participation in the Grievance Process. Any costs incurred by the Board of Directors shall be invoiced equally to the complaining and responding parties.

Grievance Process

1. **A USCTP member submits a complaint to the Board of Directors.**

- A complaint must be submitted electronically to the Board of Directors, via: grievance@uscottontrust.org.
- The complaint should:
- Identify clearly the:
 - USCTP Member who is alleged to have committed a violation; and
 - Provision(s) of the Code of Conduct that was/were allegedly violated.
- Describe the incident(s), transaction(s), or other circumstance(s) in which the alleged violation(s) occurred;
- Include available evidence supporting the allegation; and
- Identify the appropriate name and contact information for the person who is authorized to receive and submit information on behalf of the complaining party.

2. **The Board of Directors establishes a Grievance Committee.**

- Within 10 days of receiving a complaint, the Board shall:
 - Appoint and refer the grievance to an ad hoc Grievance Committee, and
 - Notify the USCTP Member (“responding party”) against whom the complaint has been filed that a complaint has been filed, including a copy of the complaint.
 - The purpose of providing immediate notice to the responding party is to ensure transparency in the Grievance Process for defending parties and provide as much time as possible for the defending party to consider ways to address and resolve the complaint.
- **Composition of the Grievance Committee.** The Grievance Committee shall consist of two members of the Board, and the President or his designee. Neither Board member who is assigned to the Grievance Committee may be a member of the same industry segment or USCTP membership category (viz. Participating Cotton Producer, Aggregator, Mill, or Brand-Retailer) as a party to the grievance.

3. **Grievance Committee Review**

- **Preliminary Determination.** Within 15 days of its appointment, the Grievance Committee shall hold an initial meeting (which may be in person or by teleconference) to review the complaint and make a preliminary determination whether the information contained in the complaint sufficiently establishes that a prima facie violation may have occurred. The Grievance Committee is not empowered to determine at this stage whether a violation has in fact occurred. If the Grievance Committee determines the grievance does not include sufficient information, then it will seek additional information from the complaining party,

who will have up to 60 days to provide such additional information; after which, if no such additional information has been provided, then the original complaint is terminated without prejudice.

- **Responding Party's Answer.** If the Grievance Committee makes a preliminary determination that the complaint has established a prima facie case that a violation may have occurred, then the Grievance Committee will notify and request from the responding party a full answer to the complaint within 60 days.
- **Grievance Committee Conference with the Parties.** Within 45 days of receiving the responding party's answer, the Grievance Committee will hold a conference with the parties to discuss the allegations, ask questions of the parties, and receive such other written or oral information as they parties desire to provide.
- **Grievance Committee Decision or Mediation.**
 - Within 30 days of the conference with the parties, and based on its own judgment, the Grievance Party may either: (a) issue a decision on the merits, in favor of either party, or (b) schedule mediation between the parties to resolve the matter.
 - If the Grievance Committee issues a decision in favor of a party, the other party has 10 days to submit an appeal for a review by the Board of Directors.
 - If the Grievance Committee decides to attempt mediation, it shall schedule and preside over mediation of the parties that may last for up to 180 days.
 - No later than 180 days after initiating mediation, and if such mediation is unsuccessful, the Grievance Committee may either: (a) issue a decision in favor of either party, who may appeal to the Board of Directors on the same terms as above, or (b) submit a report with recommendations to the Board of Directors for the latter's review.

4. **Review of the Board of Directors.**

- Within 30 days after receiving an appeal by one of the parties from a decision of the Grievance Committee, or a report with recommendations from the Grievance Committee, the Board of Directors shall hold a meeting to review the complaint and all related information, including Grievance Committee's decision or report, as applicable;
- Within 30 days after a meeting to review the complaint and all related information, the Board of Directors shall hold a conference with the parties to discuss the allegations, ask questions of the parties, and receive such other written or oral information as the parties desire to provide.
- Within 30 days after a conference with the parties, the Board of Directors shall issue a decision on the disposition of the complaint.
 - The decision of the Board of Directors shall be final.

- A decision against a responding party may include, at the discretion of the Board of Directors: (1) terms of settlement, requiring mitigating measures by responding party; (2) suspension of membership; or (3) termination of membership.
- A decision to terminate the membership of the responding party requires the support of at least two-thirds of the Board; with a lesser majority resulting only in suspension.