

BCI MEMBERSHIP FEES

2017 – 2020 FEE STRUCTURE

Retailers and Brands

In June 2016, the BCI Council approved new membership fees to come into effect 1 January 2017.

Retailers and Brand members pay a Membership Fee and a variable Volume Based Fee (VBF). Both fees must be added together to obtain the total cost of participation in the BCI.

The membership fee is calculated on total cotton lint footprint, and the VBF is calculated on how much Better Cotton is sourced.

Membership Fee

The 2017 – 2020 Membership Fees for Retailers and Brands are given in the following table.

2017 - 2020* MEMBERSHIP FEES FOR RETAILERS & BRANDS

Fee Level	Annual Cotton Consumption (Metric tons)	Annual Fee (EUR)
Very Small	< 5,000 MT	6,000 €
Small	5,000 - 20,000 MT	10,000 €
Medium	20,000 - 50,000 MT	18,000 €
Large	50,000 - 125,000 MT	30,000 €
Very Large	> 125,000 MT	45,000 €

*Fees are subject to annual review by the BCI Council.

The Annual Cotton Consumption is based on the Retail and Brand's previous year's usage of cotton lint, understood as the cotton required at ginner level, to produce all their cotton-containing products. The 12-month reporting period for this evaluation could either be calendar year or fiscal year.

BCI provides a calculator to help carry out the cotton lint calculation. Third party cotton calculation methods e.g. SCAP Calculator (UK), Made By and retailer's or brand's staff calculations are also accepted provided the result is for cotton lint. Calculations are subject to audit at the discretion of BCI, by a BCI-appointed third party auditor at the member's cost.

Volume Based Fee

The Volume Based Fee is paid by Retailer and Brand members to fund the field implementation of the Better Cotton Standard System. It is based on the amount of Better Cotton the member procures.

The 2017 – 2020 VBF rates are given in the following table.

2017 - 2020* Volume Based Fee Rate (EUR/MT BC procured)

Volumes of cotton sourced as Better Cotton						
Absolute Procurement	Relative procurement**					
	< 20%	≥ 20%	≥ 40%	≥ 60%	≥ 80%	100%
≤ 200 MT	15.0 €	14.0 €	13.0 €	12.0 €	11.5 €	11.0 €
>200 - 1,000 MT	14.0 €	13.0 €	12.0 €	11.0 €	10.5 €	10.0 €
>1,000 - 3,000 MT	13.0 €	12.0 €	11.0 €	10.0 €	9.5 €	9.0 €
>3,000 - 5,000 MT	12.5 €	11.5 €	10.5 €	9.5 €	9.0 €	8.5 €
>5,000 - 25,000 MT	12.0 €	11.0 €	10.0 €	9.0 €	8.5 €	8.0 €
>25,000 - 75,000 MT	11.5 €	10.5 €	9.5 €	8.5 €	8.0 €	7.5 €
>75,000 - 150,000 MT	11.0 €	10.0 €	9.0 €	8.0 €	7.5 €	7.0 €
>150,000 - 300,000 MT	9.0 €	8.0 €	7.0 €	6.0 €	5.5 €	5.0 €
>300,000 MT	8.0 €	7.0 €	6.0 €	5.5 €	5.0 €	4.5 €

*Fees are subject to annual review by the BCI Council.

**Relative procurement is the percentage of cotton lint sourced as Better Cotton compared to the total cotton consumption.

Pre-payment

To secure funding at the start of the cotton growing season there is an obligatory, non-refundable, pre-payment of VBF, invoiced at the beginning of the year for existing members.

- In the first year of membership, all new members pay a non-refundable, pre-paid VBF which is the same amount as the annual membership fee.
- In following years of membership, members pay a non-refundable, pre-paid VBF equivalent to previous year's sourcing of Better Cotton. Here, the assumption is that members increase their Better Cotton sourcing in consecutive years and therefore all pre-payments will be due to BCI as VBF, hence non-refundable. **BCI will ask members to confirm the amount of pre-payment before invoicing.**

Year-end calculated VBF

Actual VBF calculated at the end of the calendar year is expected to exceed member's pre-payment. All sums exceeding pre-payment, will be invoiced at the beginning of the following year. However, if the actual VBF is lower than the pre-payment, BCI will not refund the excess amount.

Implementation

- 1) The fees above are applicable as of 1 January 2017, and include application of the new VBF to Better Cotton procured in calendar year 2016.
- 2) As previously agreed with members, in 2017 only, for members not involved in special BCI funding arrangements (that is, directly funding via Implementing Partners, and/or through the Growth and Innovation Fund's Buyer and Investor Committee), pre-paid VBF will be charged at the same amount as membership fees.
- 3) Members of the former Better Cotton Fast Track Program and former Pioneer Membership who earned discounts because of higher levels of funding than Standard Members, continue to benefit from those discounts over the agreed periods.
- 4) BCI is distributing a fee tool to members to help members with financial planning for fees.

Fee Calculation

Please see here an example of how costs are determined.

Example: Total Annual Member Costs

FINE FASHION uses 12,000 MT cotton lint annually and would like to join the BCI. They plan to procure 2,400 MT Better Cotton in their first year of membership starting February 2017.

They will pay the following fees:

- i. **Membership fee, Feb 2017 – Jan 2018:** Fee Level "Small" = **10,000 €**
- ii. **Volume Based Fee, Jan – Dec 2017:** 2,400 (BC procurement) x 12 (VBF Rate) = **28,800 €**
 - a. Absolute procurement = 2,400 MT = 3rd row
 - b. Relative procurement = 2,400/12,000 = 20% = 2nd column
 - c. VBF Rate: 12 € / MT
- iii. **Total Annual Cost 2017:** 10,000 + 28,800 = **38,800 €**

At the time of joining, Fine Fashion paid a membership fee of 10,000 € and a pre-paid VBF of 10,000 €. In January 2018, they will receive an invoice for 18,800 € related to 2017 sourcing.