

BCI COUNCIL AGREEMENTS 2015

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Meeting 27-28 January

Agenda ITEMS

1. 2014-2015 DRAFT Operating Plan Review
2. 2015 COLA and 2014 Performance Awards
3. Financial Reserve Policy Proposal
4. Committee Chair Update
5. Demand Strategy 2015
6. Reviewing the Standard (Process)
7. On-Product Labelling Options
8. Community of Practice (Knowledge Sharing)
9. Uzbekistan Review
10. USA Engagement Review
11. Improving Productivity As BCI Grows
12. Membership Caucus Calls (Process Improvement Proposal)
13. Communication Priorities and Tool Kit Review
14. Developments in Pesticide Management

Decisions:

1. The council approved the 2015 Operating Plan
2. The Council ratified the proposed amendments to the Standards Development and Revision Procedure as outlined in the topic paper;
3. The Council approved the Secretariat's proposal to launch a process to revise the BCI Production Principles & Criteria during the course of 2015.
4. As per the Statutes, and as directed in the BCI Standards Setting and Revision Procedures, the Council will be the final decisional authority on changes to the PP&C, though the Membership will be transparently consulted prior to any changes. The Standards Director is authorized to make changes to the 'PP&C Explained' document, without need to seek approval of the Council or Membership.
5. In recognition of a specific request from a significant number of Member brands and retailers, the Council authorized the Leadership Team to proceed with the necessary steps to enable on-product labelling including use of the BCI logo.
6. The Council acknowledged the importance of continually improving the quality of the technical assistance BCI provides to its farmers through partners and IPs. A comprehensive series of initiatives, including a new web-based community as well as the development of partnerships with other organizations such as Cotton Australia was proposed
7. The Council received a report on the successful conclusion of a first year pilot project in the USA (concerning field level production of BCI licensed cotton, as well as the launch of a brand recruitment strategy).
8. The Council was provided a historic review of unit costs for delivering the BCI program. While trend lines are encouraging, it is essential to continue to drive efficiency if BCI is to hit its 2020 Scope and Scale objectives

Call 2nd April

Agenda Items

1. Welcome to new Council Members
2. Financial review in view of foreign exchange changes
3. Approval of 2014 financial accounts and auditor's letter
4. Key issues for review during strategic plan update
5. New member approval process
6. Review of BCI engagement in Xinjiang with XPCC
7. USA farm pilot update
8. Updates from Council Working Group Chairs

Decisions:

1. **Financial Accounts:** The Council received and approved the audited accounts for 2014 which showed (high level):

2014 Results (€000):

Income 3,802

Expense 3,745

Net Result 57

Year-end cash balance: €1.1 million

The statutory auditor, Deloitte SA, confirmed their view that the accounts were prepared in accordance with applicable law.

2. **New Member Approval Process:** The Council was informed of a new screening process which will accelerate the speed at which new member applicants can have access to the BCI Tracking System, without compromising the integrity of the review process. The new process will be put in place as soon as practicable, and members advised of the new consultation process
3. **BCI Pilot Program in Xinjiang Province with XPCC:** The Council received an overview of the first year of the project (2014), including a summary of the verification assessment conducted independently by the Fair Labor Association. Based on the progress made during the year, and the on the strength of the assessment by the FLA and response of XPCC officials to that assessment, the Council authorized continuation and expansion of the program during 2015 (subject to maintenance of certain safeguards including special attention accorded to the Decent Work provisions of the BCI Standard System).

Meeting, 10-11 June

Agenda Items

1. Operating Performance Update and Year End Forecast
2. BCI Growth & Innovation Fund: Legal/Tax Issues Associated with Establishment
3. Demand/Uptake Update
4. Standard Revision
5. Issues Associated with Launch of On-Product Labelling
6. USA Producer Engagement Strategy
7. Uzbekistan Exploratory Discussions: Update
8. Strategic Review Update
9. New Countries Update
10. Miscellaneous Other Business

Decisions:

1. **Operating Performance Review:** The Council was advised of a relatively minor year end forecast deficit of €184K due primarily to three items: a Membership Fee income shortfall of €231K (due to the profile mix of new members and loss of a pioneer member income), a significant shortfall in the pilot program recruitment of New Fabric Mills, and unbudgeted foreign exchange losses and hedging costs of €195K. The cash flow balance is below plan, but not forecast to descend below €600K, which is commendable in view of the repayment of the exceptional VAT charge from prior years.
2. **BCI Growth & Innovation Fund Update:** The CEO advised the Council on various legal and tax issues that Leadership Team has requested expert advice on prior to establishing the G&IF. No objections to the working assumptions were expressed, but the Council requested that the CEO submit the final framework for ratification once the details are finalised.
3. **Standard Revision:** The Council was advised of key issues the Leadership Team anticipates to put forward in the review and the proposed timing. Recommendations from the Council included:
 - › Develop a robust process of review and approval for the implementation of *National Interpretation*;
 - › Ensure a diversity of inputs is involved in reviewing any revisions;
 - › Review the existing Standard closely to identify any elements that can be removed;
 - › Exercise extreme care with any revisions that make the Standard more complex;
 - › Anticipate how the revised Standard will look in commonly used benchmarks;
 - › Consider how any changes will affect existing producers, and ensure the transition process does not exclude de facto current participants;
 - › Consider carefully any wording on 'quality', as this should not be an exclusionary criteria; we should give extra consideration to any criteria or indicators that would enhance the quality of the raw cotton coming from farms. The thinking here being that any increase in quality will potentially translate into financial advantages for the farmer.
 - › Anticipate that timing extensions/extra consultations may be required.
4. **Other Business Items**
 - › CEO Succession: The Council met in private to review progress on the appointment of a new CEO and thanked the working group, chaired by Joost, for the progress to date.

- › Governance: In 2016 there will be 4 leaving council members, especially caucus producers and NGOs where there is a small group of members and candidates. BCI membership team together with council members to actively recruit new members.
- › Community of Practice: The Producer Groups request the Leadership Team to assign the CoP the priority it merits, and consider if it merits inclusion in the Standard revision, or elsewhere.
- › IDH: All Council Members acknowledged the invaluable support of IDH, including its recent unplanned financial support, in making BCI what it is today.

Call, 15 September

Agenda Items

1. Farewell to Council Member Janet Mensink (Solidaridad)
2. Review of Potential Multi-Party Engagement in Uzbekistan
3. Piloting Use of 'Group Managers' for Large Farms in the USA
4. Location of General Assembly and January Council Meeting
5. Discussion on Replacing Two NGOs Whose Council Term Expires in June
6. Appointment of New Vice Chair

Decisions:

- › **Council Representative Change:** Janet Mensink's invaluable contribution to the program was acknowledged by all, and the Council extended warm wishes to her for much success in her new role. Solidaridad's new representative on the Council will be Isabelle Roger.
- › **USA 'Group Managers' for Large Farms-** The Council approved the recommendation of the Leadership Team to implement the 'Group Manager' collective approach for large farms in the USA.
- › **January and June Meetings:** The Council agreed to hold its January meeting in Beaverton, Oregon. Nike was thanked for their offer to host. The Council agreed that Hong Kong will be the site of the General Assembly Meeting of Members in June.
- › **Vice Chair:** The Council elected Barry Clarke as new Vice Chair, replacing Janet Mensink who is departing.

Call, 19 November

Agenda Items

1. Estimated 2015 Accounts
2. 2016 Operating plan highlights
3. 2016 budget
4. Growth & Innovation Fund
5. Any Other Business

Decisions:

- › Review and update policy on reserves
- › Review and update policy on bad debt write-offs
- › Council approval requested and given on establishing the Foundation for the GIF
- › Budget: Reserves should be the equivalent of between 3 and 6 months of operations as a minimum.
- › The Growth & Innovation Fund launch was successful. Firm partnership between IDH and BCI.