

# 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 based on 12 months of membership and a variable Volume Based Fee (VBF) based on a calendar year. Both fees must be added together to obtain the total cost of participation in the BCI.

The annual membership fee is calculated based on the member's total cotton lint consumption, and the VBF is calculated based on the total BCCUs collected in the Better Cotton Tracer (BCT) in the calendar year, which reflects how much Better Cotton is represented in the sourcing of cotton containing products.

### 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 Fee Level is determined by the Annual Cotton Consumption based on the retail or 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 on request. 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. Please note that as part of implementing the Better Cotton Programme, retailers and brands are expected to put in place a robust evaluation of their annual cotton lint consumption that would support any public claims they intend to make. They are liable for any public claims related to their cotton consumption.

## 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 provides the core funding for the BCI Growth and Innovation Fund. It is variable based on the amount of Better Cotton represented by sourcing of cotton-containing as Better Cotton in a calendar year.

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. The prepaid VBF is equivalent to previous year's sourcing of Better Cotton. With the assumption that members increase their Better Cotton sourcing year-on-year, the prepayment will be smaller than the year-end VBF, thus fully deductible. As this might not always be the case, **BCI will ask members to confirm the amount of pre-payment before invoicing.**

### First-time Farmer Support Contribution

All new members must pay a **Farmer Support Contribution**, equal to their membership fee in their first year of joining BCI. This payment will be deducted from the year-end calculated VBF, but it is not reimbursed if not used. This contribution is a one-time contribution to the supply that has been created by Retailer and Brand Members who have been investing since 2010.

### 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 cannot refund as all pre-payments are match-funded and invested in the Growth and Innovation Fund for farmer capacity building.**

## Implementation

1. The fees above are applicable as of 1 January 2017.
2. Members of the former Better Cotton Fast Track Program and former Pioneer Membership who earned discounts because of higher levels of funding than other members, continue to benefit from those discounts over the agreed periods.
3. BCI makes available to members a 5-year cost projection tool to help 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 to join BCI:

- I. **Membership fee, Feb 2017 – Jan 2018:** Fee Level “Small” = **10,000 €**
- II. **Farmer Support Contribution, Calendar Year 2017** = 10,000 €

### Annual Volume Based Fee calculation:

The following explains how Volume Based fees are calculated.

**Volume Based Fee, Jan – Dec 2017:** 2,400 (BC volume in MT) x 12 (VBF Rate) = **28,800 €**

Absolute procurement = 2,400 MT = 3<sup>rd</sup> row of VBF Table

Relative procurement = 2,400/12,000 = 20% = 2<sup>nd</sup> column of VBF Table

VBF Rate: 12 € / MT

**Total Annual Cost 2017: 10,000 + 28,800 = 38,800 €**

### Invoicing and payments proceed as follows:

At the time of joining for February 2017, Fine Fashion paid a membership fee of 10,000 € and a Farmer Support Contribution of 10,000 €.

- I. Sixty (60) days before its membership anniversary (December 2017) Fine Fashion will receive an invoice for its first fee renewal.
- II. In January 2018, they will receive an invoice for 18,800 € for the remaining VBF they generated in 2017. – BCI always invoices all VBF balances in January of the year following the uptake.
- III. In February 2018, Fine Fashion will also receive an invoice for 28,800 € as pre-payment for the year 2018. BCI always invoices prepaid VBF for the current cotton season in February.