

BCI COUNCIL AGREEMENTS 2017

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MEETING, 25-26 JANUARY

Agenda ITEMS

1. Welcome, introductions and Approval of the agenda
2. Meeting Overview
3. Election of the new Chair & Vice Chair
4. 2016 Review
5. 2017 Annual Operating Plan (AOP) – Introduction
6. Special focus – Priority 9: ICT Strategy
7. Crisis preparedness and communications priorities
8. Special focus – M&E Strategy
9. Wrap-up of AOP priorities
10. Questions and comments
11. Finance
12. Wrap-up
13. Review of Day 1 – Conclusions
14. (was item 16) Council Members' inputs to agenda
15. Governance
16. (was item 15) 2017 Council and Members Meeting Berlin
17. Any Other Business, Conclusions and adjournment

Summary of Decisions & Actions

1. Welcome, introductions and Approval of the agenda

Susi Proudman in the chair

- New Council Member Marc Lewkowitz of Supima was welcomed to his first Council meeting.
- Apologies from Sunil Runil Kumar Rana, who has resigned from Ambuja Cement Foundation. Ambuja will name a successor in due course.
- Susi Proudman, Vice President of Global Apparel and Equipment Materials at Nike had announced her reluctant decision to step down from the BCI Council. Michelle Miracle, Senior Director of Global Apparel at Nike, was welcomed as Susi's successor.
- Dr Sarvareddy was excused, having had to cancel at the last minute.
- Council members were requested to respond to a poll to select a date for the next Council call in March.
- The agenda was approved with one slight change, bringing item 16 forward to item 14.

2. Meeting overview

The Chief Executive noted that the principal business of the meeting was to finalise the Annual Operating Plan (AOP) for 2017 much of which had been previously discussed and substantially agreed by Council. This meeting would focus on three prioritised areas of work for 2017.

3. Election of the new Chair

After discussion:

- Barry Clarke, Independent, was unanimously elected chair.

- Phil Townsend, Sustainable Raw Materials Specialist at Marks and Spencer, was unanimously elected vice-chair.

These posts will be held for the remainder of the current mandate, which will come to an end at the next General Assembly in June 2018.

Barry Clarke in the chair.

Barry thanked Council Members for their support and welcomed the appointment of Phil Townsend who has exceptional experience in driving sustainability through supply chains in many sectors.

He also warmly thanked and congratulated Susi Proudman for her outstanding leadership of BCI through her time in office.

4. 2016 Review

The CEO reviewed the 2016 dashboard with Council. Of the 2016 organisational priorities, three have been fully implemented:

- M&E Strategy: Build for mainstreaming phase 2015-2020
- USA: Expand strategically to meet demand
- Declared uptake (500K): recruit 16 new retailer/ brand members.

Five organisational priorities showed notable progress but are not yet completed:

- New standard: Roll-out and implement
- IP performance: demonstrate measurable improvement
- Declared uptake (500K): deliver high quality member services
- GIF: smooth year 1 implementation
- HR policies: implement competency framework.

Decision: The 2016 year-end report was approved. The Council expressed satisfaction with the 2016 results and thanked the Secretariat for their success and for the transparency with which the results had been presented.

5. 2017 Operating Plan

Operational priorities 2017

The ET briefly reviewed the nine priorities of the 2017 AOP. Council had approved the general direction of the priorities during their calls in November and December:

1. Bring demand to 1m MT declared by Retailers and Brands
2. Secure 2017- 2020 funding for the BCI and GIF
3. Develop and launch a field-level Innovation Framework
4. Reinforce robustness of implementation through learning and continuous improvement
5. Roll-out revised Standard and training programme
6. Develop tools for Retailers and Brands to communicate about impact
7. Clarify and reinforce BCI brand positioning to support uptake and communications
8. Develop frameworks to meet increased scrutiny and manage potential communications crises
9. Centralise ICT strategy: integrate systems and develop the Project Database.

The CEO made clear that there was no rank order among these nine priorities which all needed ongoing attention. **Decision: Council confirmed agreement with the proposed priorities for 2017.**

6. Special focus – Priority 9: ICT Strategy

Council fully supported the need to invest in ICT and recognised its importance for operational efficiency.

The EG (Executive Group) was requested to ensure appropriate resources were made available before implementing since IT is an area where costly mistakes are easily made. For the in-house resource, Council recommended considering two different profiles: one on the strategic aspects and the other on the implementing / operational side. On practical aspects, the COO confirmed the solution is cloud based and that BCI will use existing systems rather than creating a new platform.

Action: Prioritise ICT in the agenda for the March Council call with the aim of reviewing a more detailed work plan and budget.

8. Special focus – Priority 6: M&E Strategy

The Director of Standards & Assurance (DSA) requested Council inputs on two topics: the BCI's Theory of Change (ToC) map and the Annual Operating Plan (AOP) priority: measuring and communicating the impact of sourcing Better Cotton.

8.1 Theory of Change

The importance of the ToC map was largely acknowledged

Action: DSA to consider Council feedback and update / edit map where so required. DSA to look at options for creating complementary maps which could be used for communications and engagement. Final version to be submitted in March.

8.2 Impact measurement

On measuring and communicating the “impact” of sourcing Better Cotton, the Director of Standards & Assurance highlighted the conflicts between the BCI data sharing policy and claims framework and many data and claims requests from BCI members and stakeholders. He presented the BCI M&E programme and confirmed BCI's good practices in building M&E Systems.

Council supported the process presented.

9. Wrap up of priorities

- Council emphasised that Demand remains crucial. The ET recognised the challenge but confirmed that BCI has the resources and methodology to achieve priority one (1MT uptake by R&B).
- On Fundraising, the CEO confirmed that the ET and all Senior Managers at BCI are required to support the work and contribute expertise from their respective fields
- On IP performance / Field experience, the risk to performance was acknowledged and noted.
- On the standard revision, the S&A team is in the process of finalising the integration of feedback and will compile and respond to all comments.

Actions:

- **Include Innovation in the next Council meeting and present a draft framework.**
- **Prepare the final draft of the new standard between March and April and bring for Council approval during BCI Global Cotton Conference.**

11. Finance

11.1 Financial results 2016 and Budget 2017

The COO presented the financial results for 2016 and the budget for 2017 and thanked the Finance Committee for the dedicated work. Council was reminded that two seats on the Committee are waiting to be filled. Council agreed that it would be possible to recruit committee members from outside the Council.

Decision: Council approved the 2016 Financial Results and the 2017 Budget

11.2 Fundraising

Council noted the significant gap in GIF funding in the medium term. CEO confirmed that transforming BCI's business model and long term strategy was an ongoing agenda item.

Action: ET to develop proposals for long term business model though 2017 for discussion with Council before the year-end.

The 2016 Performance Award and 2017 COLA were approved by Council.

14. Council Members' inputs to agenda

Bilal Israel Khan raised some concerns on Pakistani Cotton and growers moving out to other crops (mainly sugar canes).

Recognising the crucial importance of these issues, the ET noted that National Stakeholder Councils (as included in the BCSS) are the most appropriate platform to deal with specific domestic challenges. In addition, the IP symposium in Hong Kong was a good opportunity to exchange international knowledge and the Secretariat plans to organise annual IP symposiums. The collaboration with national research institutes and the need to integrate key challenges in continuous improvement and innovation discussions was highlighted.

Agreement: Council Members are welcome to submit items for discussion by Council but should notify the CEO 6 weeks in advance to allow proper review and consideration by the Executive.

Action: Bilal to send his recommendations to the standards revision process team. All comments on the draft revisions will receive a reply in accordance with ISEAL best practice.

CALL, 13 MARCH

Agenda ITEMS

1. Update on action agreed at the January Council meeting
2. General update on the 2017 AOP
3. Berlin meetings and agendas
4. Any Other Business

Summary of Decisions & Actions

CEO opened the meeting. The agenda was approved by the Council.

- 1. Update on action agreed at the January Council meeting**
 - a. Detail on the ICT work plan and budget (AOP priority)

In January, the Council fully supported the need to invest in ICT and recognised its importance for operational efficiency. The Chief Operating Officer updated the Council on the ICT objectives, and presented a more detailed work plan and budget. The focus in 2017 will be to integrate systems, automate functions where this makes sense and develop the Online Project Database (OPD) as a priority.

In total, 2017 budget for IT development is 775'000 EUR. That includes staff time, development time and license fees. The COO confirmed that BCI is on track on the budget and in the process of signing a new contract. The new contract includes new periodic updates and new functionalities.

The EG recognises the importance of data security and the fact it will become more and more crucial.

The Council was satisfied with the progress made.

- b. Theory of Change Map (ToC): integrate Council comments and look into alternative versions for communication purposes

In terms of process, the Director of Standards explained his team was working on the design phase. At the same time, BCI is revisiting the overall BCI house style (project lead by the Communications team). Hence, the two projects are being developed in parallel in a coherent manner. The sketch phase is time-consuming and includes discussion between BCI and the designer to lead to the final versions. There will be three different versions to be used for different purposes.

The illustration of BCI's investment model will be done during the sketch phase. The S&A team is also calling upon designer expertise and creative skills to propose the best way to capture the cyclical nature of the ToC. As suggested during the January meeting, BCI will follow the example of UTZ and propose a simplified / alternative version for communication purposes. It was emphasised BCI will have only one ToC with alternative ways to visualise it and use it for different purposes.

The S&A team will also look at giving more visibility to supply chain actors as appropriate either in the map or the associated narrative document. They are currently present in the narrative document.

c. Governance review – report on progress

The Chair recalled the agreements reached during the January meeting and subsequent Governance Working group meeting. These include the preference for a simple governance body and maintaining a majority of the Council being elected by the members through their caucuses. There is a scope for an advisory body, working as a panel rather than as a committee. The biggest challenge which remains unresolved is the future election process, and more specifically the structure of the caucus system. Currently, there are 4 caucuses, with equal rights to be represented by three Council members.

The working group was asked to continue its work and to include within its considerations:

- » The organisation and structure of the caucuses and the number of seats on Council to which each should be entitled
- » The engagement of Producer Organisations from priority countries
- » Possible duality of interest i.e. Council Members belonging to more than one category of membership.

Actions:

- **The CEO and governance working group to note the comments of Council Members and report progress to Council in May**
- **FU to send a poll for a Governance Working Group call in early / Mid-April.**

2. General update on the 2017 AOP

a. Uptake

It is too early in the season to know if BCI is behind target.

b. Comms priorities and recruitment

The CEO confirmed that recruitment of the various open positions is proceeding as planned. The gap in the communications function will be felt for several weeks.

3. Berlin meetings and agendas

The CEO highlighted the agenda:

- Donor meeting, Monday May 15
- Council meeting, Monday May 15 & Tuesday May 16
- Members meeting, Tuesday May 16
- Global Cotton Conference, Wednesday 17 and Thursday 18 May

He noted the Council Meeting will be shorter than previously. The innovation is the donor meeting for existing and prospective donors on Monday afternoon (overlapping with the Council meeting). A joint donor-Council networking reception will take place on the evening of Monday May 15.

Council Members requested that extensive pre-reads be prepared and issued early enough before the Council Meeting to allow them to engage directly in discussion on site without any time spent on introducing topics.

The Chair encouraged all Council members to encourage participation in the Global Cotton Conference among their networks to ensure high quality attendance.

4. Any Other Business

The vice-chair noted that several outside meetings are being organised at the same time as BCI Council and member meetings, to take advantage of the convening power of the conference.

On Standards revision, the Director of Standards confirmed the consultation has been closed and 64 responses were received. The Standard and Learning Manager is analysing and compiling all relevant comments on principles 1, 2 and 3. The key feedback will be discussed with the Standard Committee on Monday 20th of March. Pre-reads on other categories of Standards (4, 5, 6 and 7) will be sent to the standard Committee in the following month.

The Chair thanked Council Members for their participation and closed the meeting.

MEETING, 15-16 MAY

Agenda ITEMS

1. Welcome, introductions and Approval of the agenda
2. Meeting Overview
3. Progress of AOP priorities
4. Standards Review
5. Wrap-up
6. Review of Day 1 conclusions
7. Governance
8. Finance
9. Any Other Business, Conclusions and adjournment

Summary of Decisions & Actions

1. Welcome, introductions and approval of the agenda

- The new representative from Ambuja Cement Foundation, Chandakrant Kumbhani, was welcomed to his first Council meeting.
- Apologies were received from Richard Holland for day one and from Joost Oorthuizen for both days.
- Pramod Singh, IKEA, was unable to attend in person because of visa difficulties.
- Adam Smith, CEO of Cotton Australia, and Anita Chester of the C&A Foundation (day 2 only) were welcomed as observers.
- The agenda was approved.

2. Meeting overview

The CEO outlined arrangements for the Members Meeting and Global Cotton Conference which were to take place in Berlin later that week. He noted two innovations:

- For the first time, BCI is organising a donor meeting, followed by a joint Donor-Council reception sponsored by Cotton Australia and highlighting the Australian Government's partnership programme with Pakistan.
- BCI is opening the conference to a wider audience. Some presentations and panels would include the participation of other sustainability standards.

3. Progress of AOP priorities

Priority 1: Bring demand to 1m MT declared by Retailers and Brands

While most elements of the plan are on target, the 2017 1 million MT uptake goal is currently slightly behind plan, with a projected shortfall of 200'000 MT by the end of the year. The membership team is working on closing the gap.

Council expressed satisfaction with the results being presented and congratulated the Demand team.

Priority 2: Secure 2017- 2020 funding for the BCI and GIF

The new head of development, Claudia Busch, joined BCI in February. The year-to-date progress report on funding is promising. The priority now is to secure funding for 2017-2020.

The goal is for five grant applications to be submitted by end of this year with a long-term strategy to seek large multi-year grants from new and current donors.

Chair requested that all Council members support Claudia and help in the fundraising process. Vice chair encouraged more brands to join the GIF.

Priority 3: Develop and launch a field-level Innovation Framework to support continuous improvement

BCI is working with IDH to develop an internal framework for innovation. The key interventions to improve performance are partnership management, funding levers and training programme.

Priority 4: Reinforce robustness of implementation through learning and partnerships

The Director of Standards & Assurance (DSA) presented a plan for strengthening Better Cotton Standard System (BCSS) procedures

- Response to the ISEAL Assurance Gap Analysis
- Revised Assurance Program document.
- BCI's internal Assurance Protocol
- Organizational structure of assurance program delivery:
- accountability shifted from Supply to S&A
- appointment of two senior assurance manager positions
- BCI Critical Thinking Assessment Test for recruitment into the assurance programme.

Action: Secretariat to put the new structure in place.

Priority 6: Develop tools for Retailers and Brands to communicate about impact

DSA presented the three axes of priority six:

- i. Identify innovative approaches to measuring and reporting the impact of sourcing Better Cotton;
- ii. Continue measuring what matters: farm level sustainability improvements;
- iii. Attribute sustainability improvements to members' sourcing.

He reiterated that a single generic Better Cotton Life Cycle Assessment (LCA) was not pertinent for BCI. He also explained that, despite several attempts to engage with SAC on designing a data methodology, that takes into account the continuous improvement nature of BCI, there had been no progress to date. Council members supported the approach and confirmed that Sustainable Apparel Coalition (SAC) should be asked to consider BCI's proposals after these have been designed through the project's workshop.

Actions:

- **Secretariat to run a workshop with selected brands and experts**
- **Secretariat to encourage SAC to engage in discussion on methodology, data credibility and incorporation of broader sustainability data / systems.**

Priority 7: Clarify and reinforce BCI brand positioning to support uptake and communications

The new Communications Manager, Eva Benavidez Clayton, updated Council on brand positioning and advised that there would be a Communications Task Force meeting for RBs on May 16. She expects the Communications team to be at full strength in the next three months.

Priority 8: Develop frameworks to meet increased scrutiny and manage potential communications crises

The Secretariat had prepared media management plans at the Conference.

The Council congratulated Eva on her promotion and requested that the Communications team maintain good dialogue with members and continue to support and guide members in communicating about Better Cotton to their customers.

Priority 9: Centralise ICT strategy: integrate systems and develop the project database.

The COO updated Council and advised that the ICT Project Manager will start on June 1. The launch of online automatic registration and payment for members and BCT users will take place in Q3.

4. Standards Review

DSA presented the revision process of the Second Public Consultation on Standard Revision. This process had led to a **consultation analysis working document**, identifying substantive points of discussion, stakeholder response synopsis, and Secretariat questions and/or recommendations to the Standard Setting and Revision Committee (SSRC).

The process had taken longer than expected and full Council discussion and final approval would not be possible at this meeting. DSA proposed, as per ISEAL good practice, to discuss and reach agreements on major substantive revision topics of which six could be brought to this meeting. Other remaining substantive topics will be brought up during subsequent calls. Any issues where Council is unable to reach consensus can be parked pending further research and/or clarification, and discussed again in the final rounds of discussion. The new Principles and Criteria (P&C) will be formally approved only at the end of this process.

Decision: Council confirmed that it was satisfied with the process and agreed to review the proposed changes over the course of several meetings.

CALL, 11 JULY

Agenda ITEMS

1. AOP mid-year review
 - a. Supply
 - b. Demand and uptake
 - c. S&A
 - d. Communication
 - e. FR
 - d. Finance
2. Q3 and Q4 workplan for Council
 - a. Governance review
 - b. Standard review
3. Calendar of meetings 2017-2018
 - a. Incl finance committee

Summary of Decisions & Actions

- COO to submit updated numbers on supply after the Summer once report from the Implementing partners have been received.
- COO to submit a mid-year GIF report to the Council in Q3, after IP reports have been collected and analysed.
- EG to update the Council after the summer and see if the targets need to be adjusted
- EG to come back with a strategy for growth in members of each categories.
- Secretariat to communicate the date of the MRIS (Impact) workshop as soon as possible.
- Improve the presentation of the documents on Fundraising. (Target, prospect, percentage of target and actuals etc.)
- Secretariat to consult with team in Pakistan and India, as well as with members and look at other dates for the Global Cotton conference in 2018.

Welcome and approval of agenda

- CEO opened the meeting and welcomed the council members, who were all present.
- The agenda has been structured by function and addresses updates and information mainly.
- The agenda was approved with the addition of item 1.f – Finance & HR.

1. AOP mid-year review

a. Supply

The Dashboard on Supply was presented by the COO. No major changes in the original plan have emerged. The change between 2016 results and 2017 objectives is estimated at:

- » + 36% in Total Farmers
- » + 58% in Hectares
- » + 55% in Total Volume

So far, Country Managers reports on participation are on track. Supply Team is continuing the discussion and negotiations with AbTf.

Action: COO to submit updated numbers on supply after the Summer once report from the Implementing partners have been received.

COO to submit a mid-year GIF report to the Council in Q3, after IP reports have been collected and analysed.

b. Demand and uptake

The CEO reported a trending gap between targets and results achieved on demand uptake. RB uptake in June reached a cumulative total of 292,480MT. This represents 50% more than the previous year although the objective was to be 100% up. The Secretariat does not recommend revising the target yet. Some actions are being implemented including a campaign to encourage tracking sourcing, support to RBs and events. It was also stressed that new members need time to integrate the processing of sourcing Better Cotton. Although they are beginning to source faster than previously, they need to adjust their system and people and to learn internally. The CEO reaffirmed the need to invest more in services to members.

Council members recognised the challenge in integrating BCI consumption into the supply chain but stressed the need to communicate clearly and expressed concerns about the gap between objectives and actuals.

All Council members emphasised that Demand remains crucial and requested EG to focus on priority one.

Action: EG to update the Council after the summer on whether uptake targets need to be adjusted

Action: EG to come back with a strategy for growth in members of each category.

For information: Ruchira Joshi is expected to return on 2nd August.

c. S&A

On priority 4, The Director of Standard and Assurance (DSA) confirmed that BCI reached agreement with ISEAL to have criterion 6.1.1. (related to the requirement for publicly listing the names of all license holders and all Producers who had their license cancelled) accepted as “non-applicable” to the BCSS. This major obstacle to full compliance with the Assurance Code is now lifted.

He also presented changes to the organisational structure of the assurance programme delivery: two senior assurance managers are appointed and will start in August. This means a shift in accountability related to licensing from the Supply to the S&A team. This will allow Country Managers to refocus their time and work on Implementing Partners and national embedding. Another consequence is the merging between supply chain and some of the Assurance functions to address the hidden gaps of the BCI system between the farms and the supply chain. Next step is to reinforce capacity, focusing on training and on the quality of the outcome of the assurance programme.

One Council member recommended more direct interaction between IPs and the Global Secretariat team. DSA confirmed that this was being addressed by the fact that the

programme officers in regional offices will effectively become part of a global team which will help improve global consistency in field operations.

On priority 6, measuring and reporting the impact of Sourcing Better Cotton (MRIS), the following was completed in Q1 & Q2:

- » Issue brief written and shared internally & with RBs.
- » Consultation on project with RBs during a Communications Task Force meeting in Berlin in May.
- » Questionnaire distributed to RBs and responses analysed.

Next steps include:

- » Constructively engage key RBs to ensure full understanding of BCI mission, approach, and expectations for MRIS project (clarify misunderstandings among questionnaire responses).
- » Continue constructive engagement with SAC and Quantis' WALDB (World Apparel Life Cycle DataBase)
- » Workshop with RB members and experts provisionally planned for October in Washington, DC to coincide with the Textile Exchange conference.

Action: Secretariat to communicate the date of the MRIS (Impact) workshop as soon as possible.

d. Comms

The Communication team is working hard but still labouring under the absence of one team member. In addition, the team is working on the annual report, the progressive overhaul of the website, the on-product mark and claims framework management and responses to queries among other day-to-day activities.

Chair expressed satisfaction with the work of the Communications team and acknowledged the hard work.

e. FR

Claudia Busch, Head of Development, was appointed in February and is currently working on building networks and relationships to work on multi-million euros grants. She has attended several meetings. Although no grants have been fully contracted yet, the COO is confident the Secretariat target of €250k in 2017 will be at least partially reached.

Action: Improve the presentation of the documents on Fundraising. (Target, prospect, percentage of target and actuals etc.)

On priority 9 on integrating the ICT strategy, the COO confirmed the hiring of the new ICT project manager, Stephanie Hold, who started in June. She is currently working with the various functional teams on IT integration (Online data base project, Salesforce etc.). The completion of the full launch of the new MVP was originally planned for August but will be postponed to January, with a soft launch and communications package in Q3 and Q4. The COO noted the benefits of having full time support on coordination and expressed satisfaction about the immediate positive impact.

Council Members confirmed the importance of investing in ICT for operational efficiency.

f. Finance

COO presented the end of May income and expense statement. Secretariat is above budget for income and slightly under budget for expenses. Total income projected to be above target.

On BCI GIF Financials, the verification of costs will come in Q3 and Q4, after receipt of IP mid-year reports and of the BCI Credibility Service report. Expenses are roughly in line with the overall budget plan.

Action: COO to take a fresh look at VBF in 2017 and 2018 after the summer and update the Council.

2. Q3 and Q4 workplan for Council

2.a Governance Review

The CEO updated Council Members on Governance review process;

- » The review covers both the BCI Membership Association and the BCI Growth & Innovation Foundation
- » Q3 revise statutes
- » Q4 EGM (Extraordinary General Meeting, electronic)

He noted that the core elements of BCI governance will be preserved:

- » Multi-stakeholder governance
- » Single tier Council
- » Maintain core statutes

2.b Standard Review

DSA recalled the process of the Standard review as presented during the May meeting.

Completed – Q1 and Q2

- » Second public consultation completed
- » Standard Revision committee review of consultation comments
- » First set (1 of 3) of standard revision committee recommendations reviewed and discussed by BCI Council
- » Pilot-testing project on BCI High Conservation Value assessment risk-based simplified approach launched

Next steps – Q3 and Q4

- » Launch of the pilot-testing project on water stewardship project in July.
- » 2nd and 3rd set of standard revision committee recommendations to be reviewed and discussed respectively in September and October.
- » External critical review of Principle 6 (Decent Work) narrative August

- » Approval of the new BCI P&C by the Council in November.
- » New BCI P&C introduced to IPs in December during BCI IP meeting and symposium
- » Build integrated Training and Qualification Management system (*IT development AOP#9*)
- » Develop cutting-edge risk-based assurance model (for increased relevance and cost efficiency)

Two specific Council Calls will be dedicated to the standards review and will be preceded by briefing calls set up to cover all important issues and allow to engage Council Members in a proactive manner and answer questions. Pre-reads will be sent 3 weeks in advance, and the idea is to make the call more efficient and make sure everyone can make an informed decision.

One Council Member requested that the deliberations at Council be kept to a high-level overview so that Council can address the question strategically. This intention was confirmed but it was also underlined that the request to Council is already limited to reviewing and approving those recommendations from the Standards Committee (a technical group), and only items of substantive or potentially contentious nature.

The Standard System is ultimately the BCI's main asset and the lynchpin from which all its activities depend, so for the Council to sign off on it, as per the agreed official standards review process thorough coverage is necessary.

3. Calendar of meetings 2017-2018

CEO presented the proposed dates of the forthcoming calls and meetings:

2017

- » *September, Wednesday 20th – Council Call – 120 minutes – Standard review*
- » *September, Friday 29th – Council Call – 90 minutes – current affairs*
- » *October, Tuesday 17th – Council Call – 120 minutes – Standard review*
- » *November, Friday 03rd – Council Call – 90 minutes – current affairs*
- » *November, between Tuesday 28th to Thursday 30th, Council Meeting (1.5 – 3 days – TBC)*

2018

- » *February, Tuesday 27th - Council Call – 90 minutes – current affairs*
- » *April, Tuesday 24th - Council Call – 90 minutes – current affairs (including accounts approval closing)*
- » *June, to be confirmed – Council Meeting – Followed by the conference*
- » *September, Tuesday 25th – Council Call – 90 minutes – current affairs*
- » *October, Tuesday 30th – Council Call – 90 minutes – current affairs*
- » *November, Tuesday 27th to Thursday 29th, Council Meeting (1.5 days – 3 days TBC)*

The CEO confirmed the venue of the Global Conference in Brussels, an easily accessible and still affordable European capital. As it is the seat of the EU's main institutions BCI will use this opportunity to strengthen links with the EU's relevant bodies.

The CEO closed the agenda with the remark that he expects to focus more on strategic questions once the restored executive team is in place. Council agendas will also focus more on these, including reviewing progress on 2020 targets and looking at beyond 2020.

A Council member suggested that new targets could include aiming for 100% Better Cotton globally and achieving living wages for farmers by 2030.

In closing the Chair emphasised the importance of priority one and requested that the EG pay particular attention to demand. He thanked all Council Members for their participation and closed the meeting.

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Barry Clarke, Chair of the BCI Council

CALL, 29 SEPTEMBER

Agenda ITEMS

Item 1. Update on activities

Item 2. 2018 AOP Priorities

1. 50% increase in demand on 2017 results
2. In excess of €5m VBF by year-end
3. Develop clear plan and monitoring process for national embedding
4. Roll-out Standard v2
5. Develop cross-functional KPIs on continuous improvement and field-level performance
6. Grow BCI Brand Equity whilst managing reputational risk
7. Strengthen analytical and reporting methodologies and tools to support credibility
8. A BCI Strategy for Africa
9. Set out BCI strategic direction for beyond 2020

Summary of Decisions & Actions

The CEO opened the meeting.

It was explained the objective of the call was to endorse the general direction of the priorities but not to go into details.

The agenda was approved.

Item 1: Update on activities

- Ruchira Joshi has resigned and will leave BCI on 6th October.
- A survey on the 2017 Conference in Berlin will be sent to Council members as part of the preparations for the 2018 Conference.

Calendar

The CEO ran through the confirmed dates and Council agenda over the next twelve months. There are three concurrent workstreams: preparation of the 2018 workplan; the standards review; and governance.

- Council calls and meetings have been scheduled for 2017 & 2018.
- Today's call looks at high-level priorities. During the call in the beginning of November, more details and financial figures will be provided.
- The Standards review is in process. A call on a set of substantial revisions, Principle 1 (crop protection); Principle 3 (soil health); Principle 5 (Fibre protection) and Principle 6 (Decent work) took place on the 20th of September. Next call on new revision topics will take place on the 17th of October.
- The Council had agreed to make some changes in the current BCI Statutes, for the changes related to governance to be implemented before the next Council election at the General Assembly in June 2018, the Council needs to call an additional General Assembly. This work is currently starting, in parallel with a comprehensive review of the GIF statutes.

Action: Office coordinator to send the Survey on Berlin Conference along with the minutes.

Item 2:

The CEO recapped the objectives of 2020 and the focus for 2018.

The number of members & users, income, and number of staff had significantly increased in 4 years. The Finance, Admin & HR team needs to expand to manage the rapid increase in transactions and administration. The membership and implementation Countries have also expanded significantly. The plan is to appoint two dedicated Directors for Demand and Supply. (One is being appointed following Ruchira's departure).

The CEO presented the 2018 Dashboard. A mistake in the revenue projection from the pre-read has been corrected in the attached deck. The early estimate indicates an increase of 6.5% both in Income and Operating Expense. Management proposes to cap any increase in operating expenses to the rate of growth in revenues.

Nine priorities for 2018 were presented as per attached deck.

1. Drive uptake to reach a 50% increase in demand on 2017 results
2. Secure in excess of €5m VBF by year-end, matched by €5m from funding partners, aiming for a 50% increase in project funding
3. Develop clear plan and monitoring process for national embedding, supported by specific country strategies up to 2030
4. Roll-out Standard v2, including portfolio of pilots and country specific training and transition plans
5. Develop cross-functional KPIs on continuous improvement and field-level performance.
6. Grow BCI Brand Equity whilst managing reputational risk
7. Strengthen analytical and reporting methodologies and tools to support credibility, give producers feedback and enable RBs to report their contribution to sustainability improvements
8. Develop a BCI Strategy for Africa
9. Set out BCI strategic direction for beyond 2020

Two members had sent comments in advance, and during the call Council members were requested to give their feedback and comments on the 9 priorities. Members expressed overall satisfaction with the general direction of the priorities.

- Some Council members urged the Secretariat to be realistic, while appreciating the ambitious targets. A question was also raised about the number of priorities.
- Priority number one was acknowledged as critically important to reach 2020 targets. Some Council members asked the reasons for the current ratio between uptake and production.
 - CEO explained that the ratio had grown fast, from approximately 10% some two years previously to almost 23% by the end of this season. Uptake is therefore growing faster than production.
 - A previous Council discussion had indicated that the ideal ratio will be between 33% and 50%.
- All members unanimously supported the development of a Strategy for Africa and the focus on the strategic direction beyond 2020.
- The process of relating BCI strategy beyond 2020 and the Sustainable Development Goals (SDG) was supported by Council members. The SDG timeline being 2030, it was suggested to consider the same timeframe for BCI strategy and make sure BCI is part of a wider movement.

- The need was voiced to speak more about strengthening the standards, which is part of BCI defence against possible criticism about credibility.
- The Secretariat was requested to be cautious about maintaining quality with scale.
- The priority number three was considered as critical for some Council members as the definition of National Embedding can vary. In addition, implementing national embedding strategies can depend on context. In the same way, priority number 7 and the way of communicating results and impact to brands was perceived as challenging. Secretariat was requested to have clear KPIs and data to support the strategy and be able to measure and monitor progress.

Actions:

- **The general direction of the 9 priorities was approved as a basis for the executive to develop the 2018 business plan to be discussed further in the next call on 3 November 2017 and finalised at the Council Meeting on 28 and 29 November 2017.**
- **Secretariat to provide more financial background during November call.**

Next Meetings and calls:

- October, Tuesday 17th – Council Call – 120 minutes – Standard review part II
- November, Friday 03rd – Council Call – 90 minutes – detailed 2018 priorities with budget
- November, Tuesday 28th to Wednesday 29th, Council Meet

CALL, 3 NOVEMBER

Agenda ITEMS

Item 1. General update on activities

Item 2. 2018 AOP Priorities - Budget

10. Drive uptake to a 50% increase in demand on 2017 results
11. In excess of €5m VBF and €5m match funding by year-end
12. Develop clear plan and monitoring process for national embedding
13. Roll-out Standard v2
14. Cross-functional KPIs on continuous improvement and field-level performance
15. Grow BCI Brand Equity whilst managing reputational risk
16. Strengthen analytical and reporting methodologies and tools to support credibility
17. A BCI Strategy for Africa
18. Set out BCI strategic direction for beyond 2020

► Item 3. Any Other Business

Summary of Decisions & Actions

The Chair opened the meeting. The agenda was approved.

Item 1: Update on activities

- Governance: the statutes revision work is ongoing. A law firm specialised in Foundations and Associations in Switzerland is supporting the Secretariat. Other small changes to the statutes will be made upon recommendation from the legal firm and the membership team. In addition, some further changes will be brought to the GIF governance.
- Logistics for the Council meeting:
 - Tuesday 28 - 10am – 6pm
 - Wednesday 29 November – 08.30 am – 12.30 pm
 - Optional activities are proposed to council members for Monday evening and Wednesday afternoon.

Actions:

- **Office coordinator to send the survey on the 2017 Conference in Berlin and the Council registration info for the 2018 conference along with the minutes**
- **Council members to send their travel dates for the Council Meeting on November 28&29.**

Item 2:

The COO reminded Council of the 2018 storyline and presented the budget supporting the nine operating priorities. In 2018 BCI will

- Continue external expansion towards 2020: 50% increase in uptake, investment and farmer numbers, 100% increase in organisations engaged with BCI, 75% increase in lint production
- Step up its service delivery and invest in training, capacity building and continuous improvement at field level and with members to build consistency at scale and secure future results
- Invest in its own ability to deliver 2020 goals and beyond
- Build up its IT platforms to support analysis, reporting and data management.

To support the delivery of priorities, Council had approved, in the previous call, the request of the Secretariat to:

1. Expand the Finance, Admin & HR team to manage the rapid increase in transactions and recruitment.
2. Appoint dedicated directors for Demand and Supply.

Budget Summary

The Treasurer confirmed that the Finance Committee had reviewed and approved the budget proposals ahead of this Council meeting.

All Amount in K EUR	2018 Budget	2017 Forecast	Variance
Total Income	8'562	7'215	19%
Operating Expenses	-8'032	-6'584	22%
Operating result	530	631	
Financial expenses	-121	-121	0%
Net result	409	510	

- For 2018, we see growth in both projected income and expense. Higher than estimated 2017 income has lowered the year-on-year growth in revenues, and subsequently generated a surplus that is K EUR 366 higher than planned, which will go into BCI reserves.
- Key 2018 investments have been highlighted to Council in discussions on annual priorities: mainly recruitment and ICT.
- The proposed organisational growth will set us up to deliver the 2020 objectives.

To provide financial stability, it was recalled that two or three years ago, Council had agreed on some reserve targets corresponding to 3-6 months of operational costs, in line with good practice in the sector. BCI has a well-functioning Finance Committee and it was agreed that it should review the reserve amount and investment policies on an annual basis. The Treasurer stated that the Finance Committee would systematically investigate the best options for investment and treasury management.

Actions:

- **Finance Committee to further investigate investment options.**
- **Senior Finance Manager to send the minutes of the Finance Committee to all Council members.**

Growth and Innovation Fund (GIF) Update

The GIF early preview indicates:

Current year-end RB uptake forecast is estimated at 800 MT. This should generate volume based fees (VBF) of about K EUR 8,000 / 8,500 (including prepaid VBF for the 2019 year uptake).

- This amount is approximately in line with the GIF projected year-on-year growth towards 2020, however we are still working on the production of final forecasts, including estimates of pre-paid VBF in early 2018.
- We are currently forecasting a 2018 carry-forward of around K EUR 1,240 from 2017.
- IDH has confirmed a contribution of K EUR 1,500
- The 2016 projections for the season 2018-19 were set at approximately 1,800,000 participating farmers, with India showing the biggest expansion. Final numbers will depend on availability of funding and good quality proposals from IPs.
- At this stage there is no clear visibility of 2018/19 projects as the project application process is still in early stages. The GIF budget will be finalized for review in December.
- In addition to confirmation of the VBF amount available for the 2018-19 season we are still working on fundraising from donors.

Fundraising

The COO briefly presented the submitted grants for the GIF and Secretariat as well as some other prospects. On 31st October, a donors and supporters meeting was held in London with an excellent group of participants providing BCI with new contacts and potential funding partners for the future. The Head of Development is meeting with foundations in San Francisco, hosted by Levi Strauss & CO and has planned meetings with potential funders in Washington, D.C. In addition, the Development team is currently compiling a document on how BCI can address the SDGs. A Council member recommended referring to the ISEAL study on voluntary standards and the SDGs.

Item 3. Any Other Business

Update on CMiA: a meeting is scheduled for mid-November, after which we will be able to provide a more detailed report to Council. We are still on track to maintain the partnership under similar terms as those currently in force.'

ICAC event in Tashkent: BCI was invited to sit on the Panel on the Social, Environmental and Economic Performance of Cotton (SEEP

Next Meeting:

Council Meeting: 28-29 November, Geneva

MEETING, 28-29 NOVEMBER

Agenda ITEMS

1. Welcome, introductions and Approval of the agenda
2. Meeting Overview
3. Standards Review
4. Proposal on BCCU trading rules
5. Governance
6. AOP – Priorities

Communications- Update on Cash Investigation TV programme

7. Finance
8. 2018 Council and Members Meeting Brussels
9. Any Other Business, Conclusions and adjournment

Summary of Decisions & Actions

1. Welcome, introductions and approval of the Agenda

The Chair opened the meeting. Marc Lewkowitz, Joost Oorthuizen and Sandeep Hota were excused. Simon Corish would call in for part of the agenda. The agenda was approved with one slight change, in the AOP priorities order.

2. Meeting overview

The Chief Executive noted that the principal business of the meeting was to:

- i. Finalise the process of the Standard review, which started in March 2015
- ii. Get approval of the Governance Review
- iii. Finalise the Annual Operating Plan (AOP) for 2018, much of which had been previously discussed and substantially agreed by Council; and
- iv. Confirm approval of the 2018 budget

3. Standard Review

During the Council Meeting in May and the two calls on September 29 and October 20, the Council approved 10 recommendations from the Standard Committee and partially approved two (for full details, refer to Annex 1). Some items required further discussion:

3.1. Full and Minimum Personal Protective Equipment (PPE)

- The secretariat introduced the concept of “Minimum PPE” for smallholders as a core indicator in the 2nd draft
- Definition of minimum PPE proposed for consultation was based on prescribed garments / accessories
- Committee considered it is too prescriptive to require specific equipment (not affordable, appropriate or available)

Committee's recommendations:

Opt for a more-broadly applicable definition that focuses on body parts. Recommends the following indicator as core for smallholders:

“1.7.2 –Minimum Personal Protective Equipment is worn while preparing and applying pesticides, which includes protection of the following body parts from dermal absorption, ingestions and inhalation:

- Face and airways: Eyes, ear canal, nose, scalp.
- Limbs: arms, foot, palm, forearms
- Abdomen and genital area”.

As requested by Council, Keith Tyrell of PAN UK was asked for comments, and argued strongly in favour of PPE requirements, reminding that the WHO and FAO calls to reduce risk by promoting the use of personal protective equipment which is suitable for the tasks to be carried out and that PPE is the only line of defence protecting smallholder farmers. While the concept of minimum PPE was supported by all Council Members, concerns about feasibility had been raised during September 20 call. DSA clarified that if the Committee's recommendation was approved, there would be a transition period of 12 / 18 months. Some Council Members stressed the fundamental importance of the principle of protection and insisted it should be a core indicator.

Decision: Council approved the Standard Committee recommendation on Minimum PPE with a transition period of 18 months.

3.2. Soil Type identification

- In version 2.0 of the Principles & Criteria, soil type identification is proposed as the first component of the new soil management plan
- Committee considered that soil type identification and soil testing (nutrients) should be conducted in parallel.
- Sample-based soil testing (NPK+PH analysis) to define content on soil macro-nutrients should be required
- Partnership with competent bodies should be established to provide guidance and financial/technical capacity

Committee's recommendations:

Recommends that soil type identification and soil testing (pH+NPK analysis) be required for all three farmer categories as a core indicator.

Proposed sampling:

- NPK-pH soil testing to be conducted on a minimum of 20% of the Learning Groups (LGs) within a Producer Unit (PU) each year.
- With different LGs each year.
- all LGs will be covered over a period of 5 years.

DSA emphasised that the sampling is not sufficient to know exactly how much nutrients are needed or to monitor how nutrient content evolves, but explained it is a very strong encouragement and a sign that soil nutrient is an essential information to have. Some Council Members had previously expressed concerns regarding financial feasibility. He presented some testing kits that costs less than 2 EUR per test, in case other mechanisms were not

available. Members from Civil Society recalled that some governments had facilitated the access to soil testing.

Some Council Members emphasised that the results should be used for a purpose. DSA explained the results should lead to decision-making, but it will be the role of IP to train farmers and help them use the results.

Decision: Council approved the Standard Committee recommendation on Soil Type.

Action: DSA to make reference, in the criteria’s guidance, to the organic content of the soil as quality indicator and ensure the wording of the criteria focuses the objective of applying nutrient on a need basis.

3.3. Phasing out extremely and highly hazardous active ingredients

Proposed change:

Set phasing-out deadlines for extremely or highly hazardous active ingredients for mammal acute toxicity (2021 and 2024 respectively).

- 2015: 9% of Better Cotton farmers reported the use of (non-PICs) WHO 1a/b
- 2016: 19% of Better Cotton farmers reported the use of (non-PICs) WHO 1a/b

Decision: Council approved the proposed change.

Action: Secretariat to conduct research and develop training modules on alternatives to WHO 1/b pesticides.

3.4. Transition Plans

Transition plans are as follows.

- The full revised Standard will be effective for all Producers from 1 March 2018;
 - Most core indicators and all improvement indicators will be effective from this date,
 - in time for the 2018-19 season for both hemispheres.
- “Transition core indicators” are expected to require longer implementation timeframes, and will have an effective date of 1 March 2019 (2019-20 season)
- Producers will be assessed against the full new P&C in the 2018/19 season; however, for “transition indicators”, only observations (not non-conformities) can be raised during the 2018-19 season if Producer does not conform.
- When relevant and applicable Producers will continue to be assessed against current (PP&C V1.0) criteria for the 2018/2019 season

Council Member requested material to be available before 1st of March. DSA confirmed that during IP meeting in Sri Lanka, 5 and 6 December 2017, all main changes will be presented and explained. Afterward, the different documents will be rolled out and IP can start training their staff. It will be the role of IPs to adapt training materials to their local context.

4. Proposal on Better Cotton Claim Units (BCCUs) Trading Rules

In June this year Cotton Australia had submitted a proposal on the BCCU Trading Rules. Cotton Australia proposed that Licenced Australian BCI growers be permitted to separate the sale of Better Cotton Lint and their BCCUs, allowing growers to sell BCCUs to any BCI Trader. Cotton Australia contends that this can be achieved while maintaining the CoC.

Main comments on this proposal were that the BCI supply chain would regress to a Book & Claim system, rather than progress towards better traceability and verifiability. In addition, Book & Claim was less attractive to RBs.

BCI needs to do more work on the business case for large and most advanced farms. Council thanked Cotton Australia for its thoughtful analysis and proposed that to see how the BCI system can support Better Cotton in Australia without affecting the advantages of the current Chain of Custody.

Action: Secretariat to investigate how best to address the trading issues raised by Cotton Australia

5. Governance

5.1. BCI secretariat, Council and General Assembly

Council Members previously agreed to review the statutes during January 25-26 meeting and the Secretariat worked with a law firm to make sure the changes are compliant with the Swiss Law. Proposed changes include:

Council

- Co-opt one Council Member for each Membership caucus, maintain elections for the other two seats
- Form a Nomination Committee

Secretariat

- Membership Categories – clarification and moving financial institutions
- Non-Discrimination article added – ISEAL requirement
- Termination and transfer of membership – language amended to fit actual process

Legal requirements/advice

- Replace electronic voting by proxies – to maintain a more credible democratic process
- Amend the quorum rules
- Decision making – clarify how majority is formed
- No personal liability for Council Members and Office bearers
- Make an independent auditor a mandatory organ of the association

Council Members expressed concerns about the proxies, mainly for transparency reasons. Regarding replacing electronic votes with voting by proxy, it was not fully apparent why it was not possible to vote electronically when it would be possible to send a proxy with a specific vote in advance. The Secretariat was also asked to seek further legal advice on the personal liabilities of Council Members.

The chair of the Council also requested the approval of two initiatives:

- Council to establish a process for assessing its own performance
- Approve the formation of a CEO Performance & Remuneration Committee composed of Chair, Vice Chair and Treasurer

Actions:

- **Secretariat to seek further legal advice on the process for Council elections**
- **Governance working group to meet in the beginning of 2018.**

NOTE: After the meeting, BCI's legal advisors clarified the questions on Council Member liabilities and on voting systems. Please see Annex 2, Governance Review.

5.2. Growth & Innovation Funds Governance

Original GIF statutes approved by the Council need changing

- Council is responsible and accountable for BCI but has no direct oversight of the main vehicle for BCI field activities
- Rationale for separating the standard from the funding vehicle is unclear
- GIF Board is composed of BCI employees
- BCI is not recognised as founder and there is no formal link between the two organisations, but the two entities' objectives are identical.

Proposal to Council:

- Secretariat to discuss further with IDH
- Secretariat to seek legal advice and to investigate optimal changes for presentation to Council no later than June 2018
- Formal link to be established between BCI and the GIF
- Some common Council and Board members
- Shared secretariat

Council Members expressed concerns about the lack of direct oversight of the GIF. The Treasurer stressed that it has been the most challenging part of his role and finding the area of jurisdiction between GIF and Secretariat were challenging. There was a consensus on the need to investigate optimal changes.

Decision: The Council Approved the proposal on GIF Governance submitted by the Secretariat

6. Annual Operating Priorities (AOP) 2018

The 2018 AOP Priorities were presented:

1. Drive uptake to a 50% increase in demand on 2017 results
2. Secure in excess of €5m VBF by year-end, matched by €5m from public partners, aiming for a 50% increase in project funding
3. Develop clear plan and monitoring process for national embedding, supported by specific country strategies up to 2030
4. Roll-out Standard v2, including portfolio of pilots and country specific training and transition plans
5. Finalise and roll out strategy to foster continuous improvement in producer performance
6. Grow BCI Brand Equity whilst managing reputational risk
7. Strengthen analytical and reporting methodologies and tools to support credibility, share data analysis with producers and enable RBs to talk about their contributions

8. Develop a BCI strategy for Africa
9. Set out BCI strategic direction for beyond 2020

Discussion and comments:

- Priority 1: Risks year-end and 2018 were highlighted:
- The Tracer is unsatisfactorily slow, possibly due to an exponential increase in transactions (On Nov 19th we passed the 1,000,000 MT mark at Spinner level in the Tracer).
 - Premiums in China, Turkey and India are barriers to uptake. In China some spinners were running out of BCCUs to allocate.
 - RBs fail to register BCCUs and acknowledge transactions on time.
 - BCI will make use of the Tracer mandatory for all suppliers by the end of next year.
- Priority 2: Council Members recognized that building relationships is time consuming and welcomed the idea of a fundraising task force.
- Priority 3: Focus efforts on current countries with significant potential (Pakistan, Mozambique, South Africa, Israel, Turkey, Brazil, Australia, USA)
- Priority 4: See section 3.4
- Priority 5: The year will focus on the delivery of detailed diagnostic of current practice and performance level across all BCI geographies, in partnership with Country Managers and IPs.
- Priority 6: A strategic Communications Plan Guides objective and focuses on three priorities: I. Increasing Brand awareness; II. Tools and support for staff and members and III. Preparedness for increased visibility and scrutiny.
- While congratulating the Communications Team on its work, the Chair questioned the capacity of the Communications Team to deliver an ambitious programme of work and asked for a month-by-month delivery plan.
 - The Vice Chair and other Members stated that it was difficult to explain Mass Balance to consumers. The apparent contradiction between being a farm-level standard but with membership throughout the Chain of Custody could be considered as a possible risk.
- Priority 7: On the 14 December, the S&A team will hold a workshop in London with brands to take the next steps in developing impact assessments and reporting.
- Priority 8: The priority is to develop the BCI Africa Strategy, including a funding plan and the recruitment of BCI Regional Staff for Southern and West Africa. The only realistic way to maintain a credible programme is to have people operating locally. Partners were listed and a Council Member suggested mapping potential partners.
- Priority 9: Council Members recognized the amount of time that will be needed to elaborate a comprehensive strategic plan beyond 2020 and expressed a willingness to meet and brainstorm during a day to help start the process. A more precise timeline and work plan was also requested.

Action: Secretariat to present all priority items with an action Plan per quarter in 2018 whenever possible.

Decisions:

- **(Priority two) The Council supported the creation of a task force with senior figures from the sector and industry.**
- **Council confirmed agreement with the proposed priorities for 2018.**

7. 2017 Outcomes and 2018 Budget

7.1. 2017 Outcomes

The COO reviewed the 2017 dashboard with Council. Of the 2017 organisational priorities, five have been fully implemented:

- Develop and launch a field-level Innovation Framework
- Reinforce robustness of implementation through learning and continuous improvement
- Clarify and reinforce BCI brand positioning to support uptake and communications
- Develop frameworks to meet increased scrutiny and manage potential communications crises
- Centralise ICT strategy: integrate systems and develop the Project Database.

Two organisational priorities showed notable progress but are not yet completed:

- Secure 2017- 2020 funding for the BCI and GIF
- Roll-out revised Standard and training programme

Two organisational priorities are not completed:

- Bring demand to 1m MT declared by Retailers and Brands
- Develop tools for Retailers and Brands to communicate about impact

The COO presented the Data Snapshot providing figures on participating farmers, licensed BCI Farmers, Area under Cotton Cultivation (Ha) and Better Cotton Volume (MT Lint). DSA explained the number of licensed farmers in 2018 could be lower with the transfer in licensing decisions from Country Managers to the Standards & Assurance team. Licensing decisions had always been strict, but they can now be expected to be more rigorous. The COO explained that a new policy in China was supporting cotton production in North West and the incentive to grow cotton in the East Coastal region (where BCI farmers are presently) could be reduced.

7.2. 2018 Budget

The 2018 Budget was presented.

- For 2018 we see growth in both projected income and expense. Higher than estimated 2017 income has lowered the year-on-year growth in income, and subsequently generated a surplus higher than planned by K EUR 366, which will go into BCI reserves.
- Key 2018 investments have been highlighted to Council in discussions on annual priorities: mainly recruitment and ICT
- The organisational growth we are proposing will set us up to deliver on our 2020 objectives

- The Treasurer expressed satisfaction with the 2017 results: good cash flow position, good risk management. The Finance Committee, EG and Senior Manager for Finance were thanked. Although interest rates are currently very low, the Finance Committee and Executive Group will consider whether the Secretariat can make better use of its cash reserves.
- The 2017 Performance Award and 2018 COLA were presented with their budget impacts on the budget. The CEO proposed to bring to Council in June 2018 a revised incentive scheme.

Decisions:

- **The 2017 Performance Award and 2018 COLA were approved by Council.**
- **Finance Committee to reconsider options for treasury management.**

8. 2018 Council and Members Meeting Brussels

The BCI Global Cotton Conference will take place 26-28 June 2018 in Brussels, Belgium.

- On sponsorship, one Council Member noted the restricted number of sponsorship options.
- On the list of speakers, it was recommended to look beyond the textile Industry and that guests and speakers should come from outside as well as within Europe.
- The idea of having farmers as speakers was supported by all Council Members.

9. Any Other Business, Conclusions and adjournment

The Chair summarised the agreements and discussions and closed the meeting. The Executive Team was thanked for the quality and clarity of the pre-read papers.

Next Meeting / Call:

Council Call: 26 February, 2pm CEST