

# FAQ: Measuring Cotton Consumption

November 2020

## General

### 1. Why do I need to calculate my annual cotton fibre consumption?

RB Members must annually measure their cotton consumption to:

- Calculate their financial commitment to BCI via Membership Fees and Volume-Based Fees ('VBF').
- Implement a Better Cotton sourcing programme using the Better Cotton Chain of Custody.
- Make credible claims (communications, marketing and public relations) using the Better Cotton Claims Framework.

An annual calculation according to new requirements improves the rigour with which this exercise is carried out, benefiting your communications and claims as well as those made by BCI via communications like the Better Cotton Leaderboard.

### 2. Why is BCI introducing new requirements for cotton consumption calculations?

Retailer & Brand members are increasingly relying on their Better Cotton sourcing for achieving their sustainability targets, mitigating risk and for marketing & communications. Many elements of a Better Cotton sourcing programme rely on accurate cotton consumption data. Improving this data therefore benefits both BCI and our Members.

These new and strengthened requirements will make reporting more consistent among Members, will increase the accuracy of reported data and will create a process for regularly updating information.

Continuous improvement is at the heart of BCI's philosophy; we have therefore taken this important step to strengthen our policies and procedures.

### 3. Why does BCI need to have my 5-year sourcing plan?

Your 5-year Better Cotton sourcing plan, or targets, serves several purposes:

- It allows Retailer & Brand Members to budget for costs resulting from their Better Cotton sourcing (i.e. volume-based fees).
- It allows BCI to understand the demand and uptake of Better Cotton.
- It allows BCI to forecast the funding that will be available for supporting farmers with capacity building, since volume-based fees are invested into the Growth and Innovation Fund.

BCI will not hold you accountable against these targets, but we will monitor your progress and engage with you constructively to help you meet them. We know that your targets are

subject to change, so your 5-year plans can be updated if necessary. BCI will treat your targets confidentially.

#### **4. Where can I find guidelines related to calculating cotton consumption?**

All the guiding documents for measuring your cotton consumption are available online in the [BCI Resources](#).

#### **5. How can I get help from BCI on calculating my cotton consumption?**

All the guiding documents for measuring your cotton consumption are available online in the [BCI Resources](#). We have tried to make these documents complete and accessible, so we kindly request that you try to find the information you need within the documents in the first instance.

BCI is also hosting a webinar on 26 October where the new requirements will be explained, and you will have the opportunity to ask questions. Please sign up via the [member-only webinars](#) page.

If you are not able to attend, a recording of this webinar will also be available in the [member-only webinars](#) page.

If you still have questions after reviewing these resources, please contact [membership@bettercotton.org](mailto:membership@bettercotton.org) with “Measuring Cotton Consumption – [RB Member Name]” in the subject line. Alternatively, you can also contact your key contact in BCI.

#### **6. How do I submit my cotton consumption and 5 year plan?**

Once you have your cotton consumption calculation and have agreed your 5 year plan, please complete both tabs of the [‘BCI Annual Cotton Consumption Submission Form’](#).

Please submit your form (in Excel format) by [uploading it here](#).

#### **7. Is BCI offering training on these new requirements?**

Yes, BCI is hosting a webinar to explain the new requirements on 26 October. Please sign up via the [member-only webinars](#) page.

If you are not able to attend, a recording of this webinar will also be available in the [member-only webinars](#) page.

#### **8. Is BCI training suppliers about these requirements so that they understand how to calculate BCCUs for my orders?**

Yes, BCI will be publishing materials, communications and training webinars for suppliers on the new conversion factors and the new requirements. More information on this support will be available in November 2020.

### **New requirements for cotton consumption calculations**

#### **1. Do I need to include all the cotton types that my company purchases, or just the ones that I currently source or intend to source as Better Cotton?**

You should include all the cotton types that your company purchases in your cotton consumption calculation but track the weight by type of cotton as different types are used for different purposes.

- For calculating your Membership Fee, all types of cotton that you source will be considered. This includes conventional cotton, Better Cotton, and any other types (e.g. identity cotton programmes and recycled cotton).
- For calculating your Volume-Based Fee, only your conventional cotton and your cotton sourced as Better Cotton will be considered.

More information on this requirement is available in Section 3a in '[Measuring Cotton Consumption: Requirements & Guidance](#)'.

## **2. Why does BCI need me to measure all types of cotton that we use, including organic and recycled?**

BCI uses your total cotton consumption (including all types of cotton) as a proxy for your company size. Companies with a higher cotton consumption pay higher Membership fees than those with a smaller cotton consumption.

Other measures of company size (e.g. company turnover) do not accurately capture how 'large' your company is in terms of cotton use. For example, a retailer who also trades in food and beverages could have a large turnover but a small cotton consumption.

Your total cotton consumption (including all types of cotton) will determine your membership fee. Your volume-based fee (VBF) will only be determined by your **conventional cotton** and the amount being **sourced as Better Cotton**. This means that any cotton already being sourced sustainably through other means will be out of scope for your VBF.

## **3. Should I include products of any blend, even if the % of cotton in it is very small?**

Yes, please include products with any blend of cotton in your calculation.

## **4. We do not have product weights for our items. Can BCI offer any standard product weights?**

Wherever possible, brands are advised to use your own average garment weights which improves the accuracy of your calculation. If not, you can always use the standard product weights that BCI provides in the Cotton Calculator Tool.

BCI's standard product weights, as well as other product weights provided by WRAP, are also listed in this [Textile Exchange publication](#).

## **5. My product weights already include trims / laces / other minor components. Do I need to exclude these from the calculation?**

No, you do not have to exclude them. In fact, BCI encourages all RB members to include as many minor components as possible.

More information on this requirement is available in Section 3b in '[Measuring Cotton Consumption: Requirements & Guidance](#)'.

## **6. Is there any recommended amount and type of products that can be considered 'minor components' and that I can exclude from our cotton consumption?**

The major structural and aesthetic components of a product are considered main components. A non-exhaustive list of items that could be considered as minor components is available in Section 3b in '[Measuring Cotton Consumption: Requirements & Guidance](#)'.

Components and products that you exclude from your cotton consumption must not make up more than 1% of your total cotton consumption.

More information on this requirement is available in Sections 3b and 3h in '[Measuring Cotton Consumption: Requirements & Guidance](#)'.

**7. How can we avoid double-counting between our calculation and other companies' calculations when using comber noils?**

This is an area that has yet to be resolved. Detailed data allowing the exclusion of pre-consumer recycled cotton fibres (notably comber noils) in textile products are generally not available to Members. In this case, the weight of comber noil is automatically included in the RB Member's cotton consumption data. To bring more accuracy to cotton consumption calculations, BCI expects to establish the average mix of virgin cotton and comber noil used for open-end yarns from its online system when these factors are updated within the Better Cotton Platform, and by collecting data on this particular cotton fibre fraction over time.

**8. My company owns a brand, but it also manufactures products for other brands. Which products should I include in my annual cotton consumption?**

You should only include the products that are produced for your own brand.

**9. My company is a group that owns multiple brands, but only one of our brands is interested in sourcing Better Cotton. Can I exclude the rest of our brands from our cotton consumption?**

No. If your BCI membership is at the group level, then all of your brands need to be included in your cotton consumption. It is not compulsory for all brands to implement a Better Cotton sourcing programme, but they need to be included in your scope as a BCI Member.

**10. Based on my re-calculated cotton consumption, could I get a refund on my 2020 pre-paid Volume-Based Fee (VBF) if I have not used it all by the end of 2020?**

No, BCI is unable to offer refunds on pre-paid VBFs. This is because VBFs are invested in capacity building and farmer support programmes of this current year, so the funds have already been invested.

## Conversion factors & multipliers

**1. I know my cotton consumption at product or fabric level, but I do not know now much cotton fibre my brand consumes. How can I estimate that?**

The amount of cotton fibre that you consume is not the same as the amount of cotton that ends up in your fabrics or end products. A higher amount of cotton fibre is needed, because at every stage of processing (e.g. spinning, knitting / weaving, trimming) there loss of material.

We know that most retailers and brands do not have direct information on their cotton fibre consumption. To help you estimate this based on the weight of cotton consumed at product or fabric level, you can apply a multiplier to your calculation.

BCI publishes a selection of multipliers for converting product and fabric weight to cotton fibre weight in the document '[Measuring Cotton Consumption: BCI Conversion Factors and Multipliers](#)'.

**2. I don't know what yarns or fabrics are used to make my products, and/or I find it difficult to apply a specific conversion factor to each product type. Can I just use an average conversion factor for all?**

Yes, you can use an average conversion factor from end-product-to-fibre or from fabric-to-fibre, depending on what data you are using. You can find these factors in page 16 of ['Measuring Cotton Consumption: BCI Conversion factors and Multipliers'](#).

**3. Which multiplier should I use for socks?**

While socks are made of circular knits, their manufacturing process is actually closer to that of flat knits. For socks, we would therefore advise that you use the conversion factor for flat knits. This can be found on page 16 of ['Measuring Cotton Consumption: BCI Conversion Factors and Multipliers'](#).

**4. My company uses conversion factors provided by our suppliers to calculate my cotton consumption. Can I use these factors for BCI as well?**

Yes, BCI accepts the use of other conversion factors such as your suppliers' ones. You must still comply with the rest of the requirements set out in ['Measuring Cotton Consumption: Requirements & Guidance'](#), and make sure to document the source of your conversion factors in your record-keeping.

**5. My company uses the Textile Exchange conversion factors to calculate my cotton consumption. Can I use these factors for BCI as well?**

Yes, BCI accepts the use of conversion factors published by other sustainable cotton initiatives. You must still comply with the rest of the requirements set out in ['Measuring Cotton Consumption: Requirements & Guidance'](#).

Please note that using other factors could increase some discrepancies between your calculated cotton fibre consumption and the amount of BCCUs that you receive from your suppliers on the Better Cotton Platform.

**6. Was Textile Exchange consulted during the development of the new conversion factors?**

Yes, Textile Exchange were consulted as a part of this process. BCI's conversion factors are largely aligned with Textile Exchange's factors, except where specific data was obtained from BCI's research to warrant a slight variation.

## Calculations and Cotton Calculator Tool

**1. Do I have to use the BCI Cotton Calculator Tool to do my calculation?**

No, it is not compulsory. The use of this tool is optional and is best suited to brands who do not have easily accessible data such as average product or fabric weights. If you have your own data on product or fabric weights, it would be more accurate to do your own calculation. This is explained in ['Measuring Cotton Consumption: Technical Supplement'](#).

**2. What equation do I need to apply to do this calculation?**

The general principle is that you multiply the weight of the products by the cotton blend, and then you convert this to weight of cotton fibre.

If you are starting with data on your end-products, then the equation is:

Weight of cotton fibre per product type (g) = weight of end-product (g) \* cotton content of product (%) \* number of products purchased \* appropriate conversion multiplier.

If you are starting with data on your fabrics, then the equation is:

Weight of cotton fibre per fabric type (g) = Weight of fabric (gsm) \* cotton content of fabric (%) \* width of fabric (m) \* length of fabric / metres purchased (m) \* appropriate conversion multiplier.

BCI publishes a selection of multipliers for converting product and fabric weight to cotton fibre weight in the document '[Measuring Cotton Consumption: BCI Conversion Factors and Multipliers](#)'.

More help on these equations is available in '[Measuring Cotton Consumption: Technical Supplement](#)'.

### **3. Can I use the old version of the BCI Cotton Calculator Tool?**

The BCI Cotton Calculator Tool has been updated in 2020, to include the new conversion factors published by BCI in 2020. Please do not use the old version anymore. The new version can be downloaded [here](#).

### **4. Can I insert data on fabric consumption in the BCI Cotton Calculator Tool?**

No, this tool can only receive data on end-products. This is because it has conversion multipliers for end-product-to-fibre built into it, so inserting data on fabric consumption would give you wrong results.

### **5. I don't find my products in the BCI Cotton Calculator Tool. What can I do?**

You can insert new products in the BCI Cotton Calculator Tool as long as you know their product weights. Please add your new "Product" and "Product weight (grams)" manually and pick the appropriate fields in the remaining options.

## **Receiving BCCUs**

### **1. Why are there still differences between what I calculate and the amount of BCCUs I am actually getting from my suppliers on the BCP?**

The calculation that you have done a good estimate of your cotton consumption. However, there will always be some discrepancy between this and the amount of BCCUs you receive in the BCP. This is explained in Section 5.1. of '[Measuring Cotton Consumption: BCI Conversion factors and Multipliers](#)'.

By using the new specific conversion factors rather than the old generic ones, you should come closer to the actual received BCCUs. Your calculation can come even closer to the BCP if you calculate knowing the exact yarn types in your products as well as the percentage of virgin cotton that is used to make it. However, this is not information that is usually available to Retailers & Brands at the time of your "top-down" calculation. As mentioned, in the same publication, we are trying to collect data from the BCP to better inform our multipliers for a future revision of the work.

### **2. How much variation can we expect between the actual BCCUs received and the expected amount of BCCUs that we calculate?**



The observed variation can vary and depends on the accuracy of many of the data points that you are using, as well as the specific amounts of waste in your supply chain. It is therefore very difficult to pinpoint an expected variation range. There will always be some discrepancy between this and the amount of BCCUs you receive in the BCP. This is explained in Section 5.1. of [‘Measuring Cotton Consumption: BCI Conversion factors and Multipliers’](#).

By using the new specific conversion factors rather than the old generic ones, you should come closer to the actual received BCCUs. Your calculation can come even closer to the BCP if you calculate knowing the exact yarn types in your products as well as the percentage of virgin cotton that is used to make it.

### **3. When will the Better Cotton Platform (BCP) be updated with the new conversion factors for carded, combed and open-end yarn?**

The BCP uses yarn-to-fibre conversion factors for allocating the correct amount of BCCUs to transactions. The conversion factors in the BCP will be updated on 4 January 2021.

## **Reporting timelines & deadlines**

### **1. How often do I need to re-calculate my cotton consumption?**

BCI requires RB Members to re-calculate and update their cotton consumption every year and submit this updated calculation between 1 April to 15 November each year. If submitted after 15 November, it will be applicable to the next reporting period.

### **2. What timeframe should I use for my cotton calculation? For example, if I need to submit the data by 15 November 2020, then should my calculation cover January – December 2020?**

BCI allows RB Members the flexibility to decide this. Your timeframe must include 12 months of past data, and it should be the most recent period with the most accurate data. For example, this could be your last financial year, the latest calendar year, the last two fashion seasons, or your latest production or sales data. You should be able to use the same timeframe each year.

An auditor should be able to verify this data in an audit, and you should keep the timeframe consistent each year so that it serves as a comparable baseline.

More information on this requirement is available in Section 5 in [‘Measuring Cotton Consumption: Requirements & Guidance’](#).

### **3. Our reporting period is usually January – December, so I will not have complete 2020 data by your 15 November deadline. What should I do?**

In this case, BCI suggests that you use your data from January to October and that you make an estimation for the remaining months of November and December. We expect that, since it is nearly the end of the year, you should be able to make a good estimation at this point.

Alternatively, you can use your 2019 calculation and adjust it up or down by the equivalent percentage points that your purchases or sales have changed in 2020. For example, if your sales dropped by 20% in 2020 compared to 2019, you can reduce your 2019 consumption by 20% for a quick estimate.

Once the 2020 calendar year is over, you can then send BCI an adjusted calculation in early January of next year to update and correct your estimate, if necessary.

**4. My 2020 consumption will not be at all representative of my typical cotton consumption due to Covid-19. Can I use 2019 data instead?**

We are precisely interested in understanding the real consumption figures and we need to capture the impact of Covid-19 in order to gain an accurate picture of current demand for Better Cotton. Please choose the latest 12-month period covered by your selected timeframe (e.g. 2020 calendar year, latest financial year, or latest two fashion seasons).

As of now, we will expect you to update your cotton consumption every year. Therefore your 2020 consumption figures will be updated again in 2021, and every year going forward.

**5. Will the Volume-Based Fee still be based on our Better Cotton sourcing during a calendar year, or can we also choose our own timeframe for that?**

Your Volume-based Fees will continue to be based on your Better Cotton sourcing during a calendar year, regardless of which timeframe you have chosen to apply to your calculation. Your annual cotton consumption calculation, on the other hand, can be over any 12-month period (not necessarily a calendar year). The timeframe you choose for your calculation will not affect your VBF invoicing.

**6. How can I compare my Better Cotton sourcing with my annual cotton consumption if the former is measured over a calendar year and the latter can be over any 12 months?**

BCI will continue to measure your Better Cotton sourcing over a calendar year for the purposes of reporting and VBF invoicing. Your annual cotton consumption calculation, on the other hand, can be over any 12-month period (not necessarily a calendar year).

Your calculation is an estimation of your typical annual cotton consumption and is not intended to cover the exact same timeframe as your Better Cotton sourcing. For our purposes it is an acceptable estimation, therefore BCI allows you to calculate your annual cotton consumption over any timeframe that suits you.

**7. My company just joined BCI in 2020 and we have just calculated our cotton consumption. Do I need to re-calculate it by the 15 November deadline?**

No, it is not compulsory for Retailer & Brand Members who joined in 2020 to re-calculate their cotton consumption. Your company will be expected to update your calculation next year between 1 April to 15 November 2021.

Nevertheless, given the unprecedented changes in demand and purchasing that 2020 has seen, we encourage you to update your calculation if you believe your consumption has changed significantly. Upcoming membership fees, volume-based fees and related claims will be based on the most recent cotton consumption calculation that BCI has received.

If you do decide to update your calculation, please use the new conversion factors and ensure it complies with the new requirements.

**8. What is the deadline for submitting my cotton consumption?**

BCI requires RB Members to re-calculate and update their cotton consumption every year and submit this updated calculation between 1 April to 15 November each year. If submitted after 15 November, it will be applicable to the next reporting period.



### **9. What happens if I miss the deadline for submissions?**

BCI can accept submissions of updated cotton consumption calculations between 01 April and 15 November each year.

At any given time, Membership fees, Volume-based fees and related claims will be based on the most recent cotton consumption calculation that BCI has received. Volume-based fee invoicing occurs during Q1 of each year.

Not updating your calculations, or missing the deadline, could therefore result in invoices and claims being based on out-dated data. This could put you at a financial disadvantage but could also result in a credibility risk for yourself and for BCI.

### **10. The deadline for submitting cotton consumption calculations this year is quite soon. Can we have an extension?**

We understand that there may be some concern with regards to the timeline for delivering cotton consumption reports under the new guidelines. It is BCI's goal to standardise this calculation and transition to a more regular, more accurate methodology for calculating our members' cotton consumption. This ensures that demand for Better Cotton is more accurately reflected in our data, which helps us to match supply with greater accuracy than was previously achievable.

This is especially important in 2020, where the impact of Coronavirus has had an impact on supply chains across the globe. The sooner members can recalculate their cotton consumption under the new guidelines, the sooner BCI can use that data to forecast and plan for 2021 and mitigate against the fluctuations in supply and demand that have been caused by Coronavirus this year. In addition, it helps us to be timely with VBF invoicing early in 2021. Without updated data, we cannot invoice correctly. We would appreciate it if you could try your best to meet our deadline but do get in touch with us if you have serious concerns or require any support.

## **Third-party verification**

### **1. Will third-party verification be required for all Retailer & Brand Members?**

From 2022 onwards, third party verification will become mandatory for all Retail and Brand Members in the 'Small' membership fee category and above. 'Very Small' members will be exempt from this requirement.

Additionally, 'Small' members will have to submit evidence of a third-party verifications whereas 'Medium' members and above will have to submit this every year.

### **2. Will I need to provide a third-party verification for the cotton calculation that I must submit by 15 November 2020?**

No. For RB Members in the 'Small' membership fee category and above, the third-party verification requirement only comes into effect in 2022, that is as of submissions made by 15 November 2022.

More information on this requirement is available in Section 5 in ['Measuring Cotton Consumption: Requirements & Guidance'](#).

### **3. Who will bear the cost of third-party verifications?**

The verification cost will be fully incurred by the Retailer & Brand Member.

**4. Verifying my cotton calculation every year is costly and time-consuming. Is it necessary for Members to do that?**

New verification requirements were established from the need to improve the credibility of cotton consumption data, since RB Members are increasingly making marketing and reporting claims related to sourcing Better Cotton. BCI also makes claims, for example, in the Better Cotton Leaderboard. Accurate cotton consumption data is necessary for these claims to be truthful. The credibility of our Retailer & Brand Members is tied to BCI's credibility, and verification is a tool to continue improving BCI's practices.

We have made it obligatory annually for only some size categories and have given a long period to be able to integrate these requirements (as of 2022). However, even if not obligatory for the very small RB Members, we would recommend it as good practice that can reduce risk related to claims. We believe that this expense is justifiable from a risk mitigation point of view.

**5. Will BCI provide a list of approved or recommended verifiers?**

Acceptable verifiers include financial auditors and consultancies, standards-based auditors and consultancies, and general environmental sustainability consultancies. Verifiers are chosen and appointed by the Retailer & Brand Member.

BCI will publish additional guidance for verifiers in 2021, before verification becomes a requirement.

**6. What will the verification have to cover exactly? What format will it be in?**

BCI will publish additional guidance for verifiers in 2021, before verification becomes a requirement as of 1 Jan 2022. For brands already verifying these reports today, you may submit them to BCI at your discretion.

**7. How do I submit evidence of third-party verification?**

Once you have a third-party verification report, please submit it (in pdf format) by [uploading it here](#).