



## GUIDE TO MEMBER OBLIGATIONS – financial institutions

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The BCI has developed Principles of Participation and related Obligations for each membership category. Members are expected to apply these Principles and to comply with the related Obligations in their activities.

The BCI recognises that there are a variety of activities that members can undertake that will promote the goals of the BCI. This document contains illustrative examples of the sorts of things members can do and is intended to help members understand how they can go about applying the Principles of Participation.

**Essential practices:** examples of the minimum actions necessary in the short term to promote the production of Better Cotton.

**Good practices:** examples of actions that will contribute to the full realisation of the goals of the BCI. Members are expected to expand the depth and range of their activities over time.

These examples are intended to be neither prescriptive nor comprehensive, and are provided for guidance only. There will be many other ways that members can apply the Principles and members are encouraged to share their learning and good practices with the BCI Secretariat and with other members. It is intended that this Guide will be updated regularly in light of members' experience.

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Principles	Obligation	Essential practices	Suggested good practices
<p><b>1. Application of the Principles</b></p>	<p><b>1.1</b> Members shall apply these Principles of Participation in their activities and shall comply with the relevant Obligations that relate to their own organisations.</p>	<ul style="list-style-type: none"> <li>• Work is undertaken towards integrating the Principles of Participation and relevant Obligation within the member organisation's internal document guiding the member's operations.</li> <li>• The member organisation establishes the means to monitor and report on its compliance with the BCI Principles of Participation and applicable Obligations.</li> </ul>	<ul style="list-style-type: none"> <li>• A specific (senior) representative of the member organisation is designated to ensure application of the Principles, internal monitoring, and reporting and communication with BCI.</li> <li>• The designated representative is a member of a senior decision-making body, or has direct access to this type of body, or is accountable to it.</li> <li>• The members' compliance with the Principles of Participation and the applicable Obligations is monitored internally and is reported on at least annually internally to an appropriate senior decision-making body.</li> <li>• Relevant staff of the member organisation are informed of the BCI membership of their organisation and of the present Principles of Participation and Obligations.</li> <li>• Relevant staff have the opportunity regularly to discuss and contribute to the members' activities in support of the BCI</li> <li>• Relevant BCI newsletters or updates are circulated amongst members' staff.</li> <li>• The relevant Principles of Participation and applicable Obligations are integrated in the member's own code of conduct (if any) or any internal document guiding the member's operations.</li> </ul>
<p><b>2. Promotion of BCI</b></p>	<p><b>2.1</b> Members shall promote the long-term objectives of BCI and shall not undertake activities that could bring BCI into disrepute or damage its reputation.</p>	<ul style="list-style-type: none"> <li>• The member organisation communicates about its membership of the BCI on their website, in accordance with BCI's communication rules.</li> <li>• The member organisation informs its relevant clients, and other stakeholders about the meaning of their BCI membership, in accordance with BCI's communication rules.</li> </ul>	<ul style="list-style-type: none"> <li>• The member organisation communicates about its membership of the BCI and BCI's progress on its website, through internal communication updates, and with their investors and Board of Directors encouraging continued and greater support for the BCI mission, in accordance with BCI's communications materials and rules.</li> <li>• The member organisation communicates accurately about the BCI with their relevant clients, and other stakeholders, encouraging them to also support the BCI, in accordance with BCI's communications materials and rules.</li> <li>• The member organisation raises the profile of the BCI through relevant international and business forums in which they participate, such as the Global Compact, Equator Principles, BSR, etc.</li> </ul>



Principles	Obligation	Essential practices	Suggested good practices
<b>3. Compliance with Antitrust policy</b>	<b>3.1</b> Members shall comply with the BCI Antitrust policy [2 September 2009] and shall not engage in any collaborative activity that involves sharing information on costs, prices, margins, suppliers or customers that could be interpreted as anti-competitive under international or national trade rules.	<ul style="list-style-type: none"> <li>The relevant staff of the member organisation have read the BCI Antitrust policy and comply with it.</li> </ul>	<ul style="list-style-type: none"> <li>The BCI Antitrust policy is included in the member's relevant staff induction procedures, and practical requirements for abiding by the policy are highlighted.</li> <li>The member organisation advises BCI of any changes in its national Antitrust law that it considers relevant.</li> </ul>
<b>4. Payment of fees</b>	<b>4.1</b> Members agree to contribute to the costs of running BCI by paying the fee relevant for their category of membership in a timely manner as determined by the BCI Council.	<ul style="list-style-type: none"> <li>The member organisation pays its membership fee within 60 days of receipt of the invoice.</li> </ul>	
<b>5. Communications about BCI</b>	<b>5.1</b> Members shall comply with BCI's Communication Rules covering how their participation in BCI may be described publicly.	<ul style="list-style-type: none"> <li>Relevant staff are aware of the BCI Communication Rules and refer to them for their communication on the organisation membership.</li> </ul>	<ul style="list-style-type: none"> <li>Relevant staff are aware of the BCI Communication Rules and before any communication is undertaken check the compliance of any communication (written and oral) with those rules.</li> <li>When appropriate the support of BCI's Secretariat is sought, such as in CSR Reports, press releases or media responses.</li> <li>The member organisation does not make any misleading or unsubstantiated claims about the production, procurement or use of Better Cotton.</li> </ul>
<b>6. Participation in BCI activities</b>	<b>6.1</b> Members shall contribute to the development of BCI through an appropriate level of meeting attendance, responding to BCI communications, providing information and sharing knowledge.	<ul style="list-style-type: none"> <li>The member organisation advises in advance when its representatives are unable to attend a meeting and provides proxy to another member when relevant.</li> <li>The member organisation provides regular update (annual) on the member's activity relevant to BCI.</li> <li>Where draft minutes of meetings are provided to members for review, responses are provided to the BCI Secretariat within the allocated timeframe.</li> </ul>	<ul style="list-style-type: none"> <li>The member organisation attends all meetings (physical and virtual) to which the member organisation is invited.</li> <li>The member organisation responds to email enquiries and requests within the given deadline.</li> <li>The member organisation systematically forwards information on the member's activity relevant to BCI, such as, engagement with complementary initiatives, and farmer support activities (direct or indirect) that offer opportunities or learning for farmers wishing to produce Better Cotton.</li> </ul>



Principles	Obligation	Essential practices	Suggested good practices
7. Achievement of basic standards and commitment to continuous improvement	7.1 Members shall integrate consideration of the BCI Production Principles 2.0 (July 2009) into lending activities.	<ul style="list-style-type: none"> <li>The member organisation promotes the benefits of adopting Better Cotton to their clients.</li> </ul>	<ul style="list-style-type: none"> <li>The member organisation reviews its own sustainable investment principles or policy (environmental and social) against the BCI Production Principles and on the basis of this gap analysis incorporates additional lending criteria for relevant projects.</li> <li>The member organisation implements a process that integrates the Better Cotton Production Principles into relevant risk assessment methodology, extra-financial due diligence and client approval systems.</li> <li>The Better Cotton System is presented and promoted to relevant clients within the cotton value chain.</li> <li>Support is provided to relevant clients to assist them in meeting the BCI Production Principles.</li> <li>The member considers how specific lending programmes can be developed to support the development of Better Cotton.</li> </ul>
8. Increasing volumes of Better Cotton	8.1 Members shall promote the BCI Enabling Mechanisms on access to finance for BCI farmers.	<ul style="list-style-type: none"> <li>The member organisation actively seeks relevant agro-lending schemes within their portfolio that are amenable to integrate activities on BCI's Enabling Mechanisms on providing equitable access to responsible financial services to BCI farmers.</li> </ul>	<ul style="list-style-type: none"> <li>The member organisation runs a programme that enables lower risk on-lending to BCI farmers for loans / credit in line with BCI's Enabling Mechanism on providing equitable access to responsible financial services to BCI farmers.</li> </ul>
9. Support for farmers	9.1 Members shall participate in appropriate BCI activities and facilitate promotion of BCI farm level implementation activities.	<ul style="list-style-type: none"> <li>Where the member organisation has established a non-commercial Foundation, the Foundation is made of aware of BCI's activities and potential for financial support for farm level implementation.</li> </ul>	<ul style="list-style-type: none"> <li>The member organisation actively supports the implementation of Better Cotton through developing technical cooperation / assistance on all BCI Production Principles and Enabling Mechanisms.</li> <li>The member organisation supports Implementing Partners in providing equitable access to responsible financial services to BCI farmers.</li> </ul>
10. Assessment and reporting	10.1 Members shall report to BCI on the application of these Principles in line with the reporting requirements agreed by the Council.	<ul style="list-style-type: none"> <li>The member organisation reports annually within the given timeframe on the application of all these Principles to the BCI Secretariat, with supporting materials and key learning points.</li> </ul>	
	10.2 Members shall share best practice and relevant learning.	<ul style="list-style-type: none"> <li>The member organisation provides documents within 1 month as requested by BCI to support their annual report.</li> </ul>	