

# COTTON INCORPORATED

## COTTON INCORPORATED 2021 BUDGET \$80,000,000

Cotton Incorporated, funded by U.S. cotton producers and importers of cotton and cotton textile products, conducts worldwide research and promotion activities to increase the demand for and profitability of cotton.



## COTTON INCORPORATED

Under the Cotton Research and Promotion Act, Cotton Incorporated is responsible for carrying out research and promotion activities to increase the demand for and profitability of cotton.

Every five years, the organization is required to review the return on investment to stakeholders. Findings from the independent analysis of the Cotton Research & Promotion Programs are presented at right.

## IMPACT OF PROGRAM

1986 -2014



Average annual U.S. cotton retail demand by 2 million bales.



Average annual U.S. cotton production by 224,000 bales.



Average price received by U.S. growers by 5 cents/LB.



Average annual U.S cotton demand by 308,000 bales.



Average importer after-tax profits by \$732.9 million.

Source: Cotton Research & Promotion Program: Economic Effectiveness Study (2016)

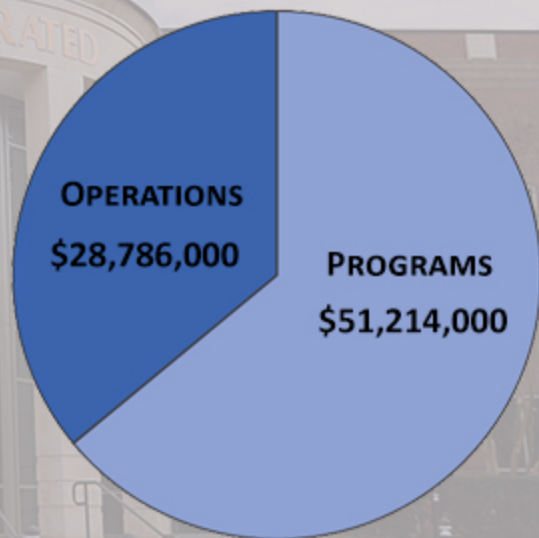


# COTTON INCORPORATED

## **COTTON INCORPORATED 2021 BUDGET** **\$80,000,000**

The company's annual budget reflects allocations to program activities, as well as operational costs, such as staff salaries, office leases and maintenance, and other costs associated with day-to-day operations.

In the 2021 budget year, roughly two-thirds of funds were allocated to programs, and one-third to operational costs.

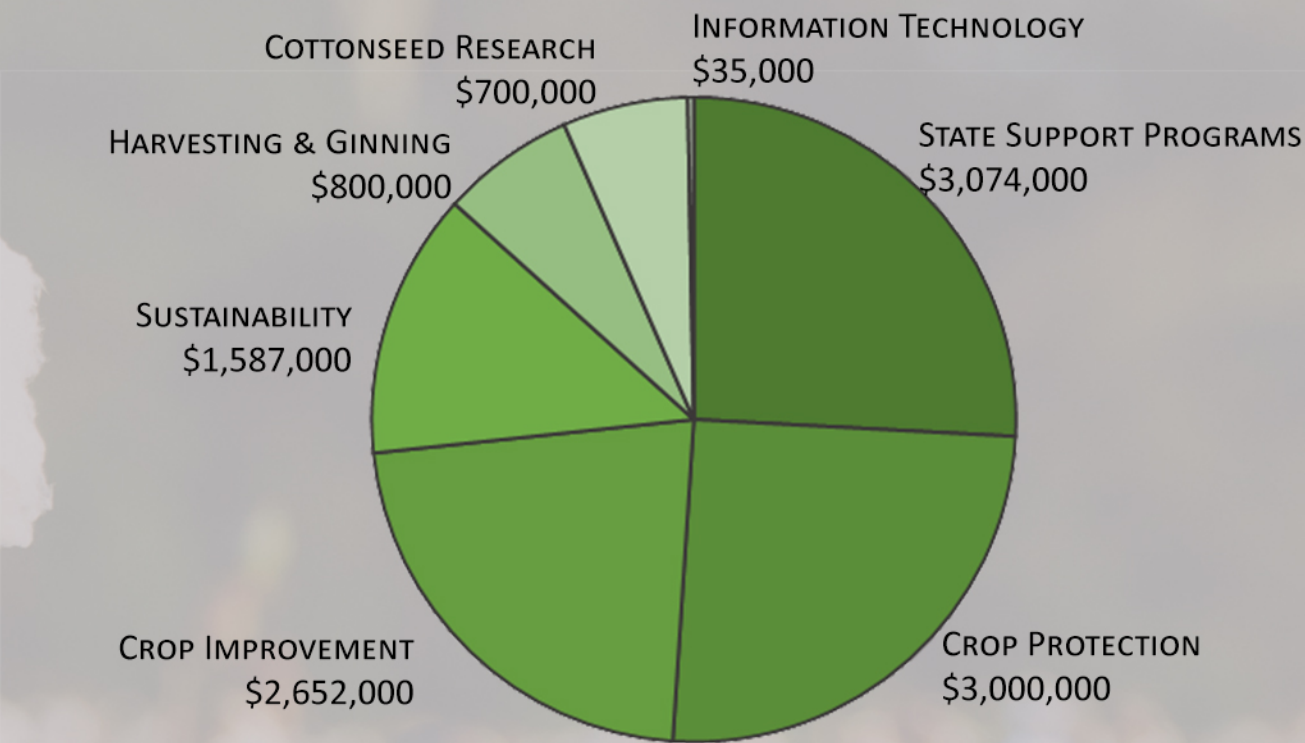




# Agricultural & Environmental Research

TOTAL 2021 PROGRAMS BUDGET \$51,214,000  
AERD \$11,897,000  
23.2% OF TOTAL BUDGET

Division Share of Overall Programs Budget



Division Budget Detail

The Cotton Incorporated Agricultural & Environmental Research Division funds research and activities aimed to improve the profitability of U.S. cotton production. For reporting purposes, the Sustainability Division is included as part of the AERD Committee.

Research overseen by the Division includes:

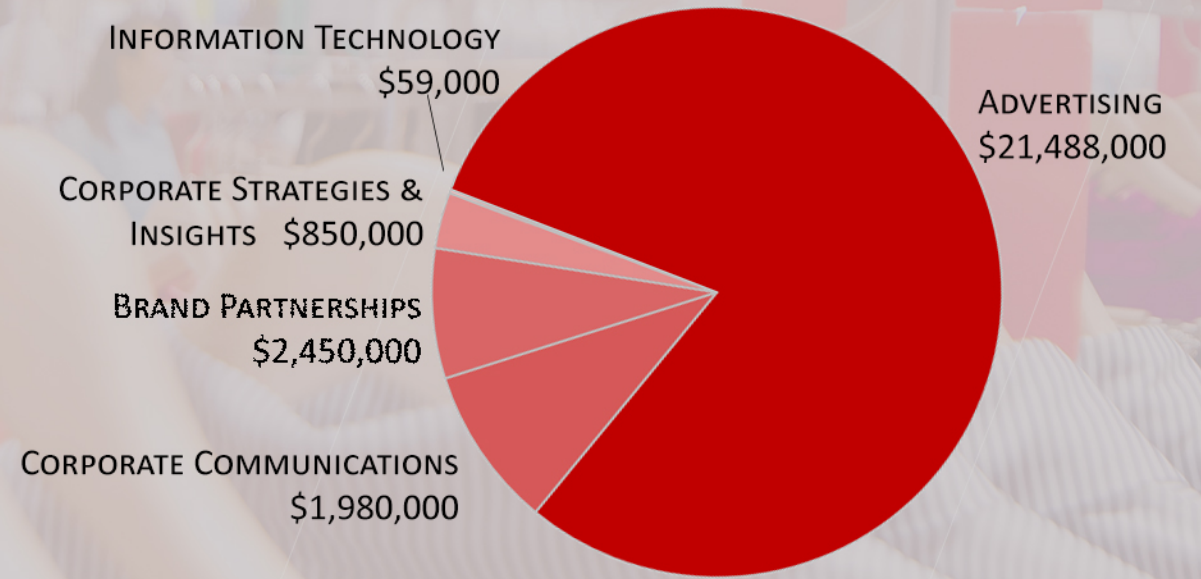
- Crop protection (weeds, insects, diseases);
- Variety improvement (fiber characteristics, yield, etc.);
- Harvesting & ginning efficiencies;
- State support programs (region-specific research);
- Research & activities to increase the value of cotton; and
- Research & analyses related to cotton’s environmental impact, in general, and specifically in comparison to competitive crops and fibers.

Division Function



# Consumer Marketing

TOTAL 2021 PROGRAMS BUDGET \$51,214,000  
CONSUMER MARKETING \$26,827,000  
52.4% OF TOTAL PROGRAM BUDGET



The Cotton Incorporated Consumer Marketing Division is comprised of four departments:

- Advertising;
- Brand Partnerships;
- Corporate Communications; and
- Corporate Strategy & Insights

The Consumer Marketing Division of Cotton Incorporated conducts activities aimed to increase awareness of and preference for cotton among consumers and supply chains. Among the activities of this division are:

- Consumer and trade advertising, including social media;
- Collaborations with retailers & brands, such as the Blue Jeans Go Green™ Program;
- Defending the reputation of cotton in the media; and
- Providing the global cotton supply chain with relevant market data and analyses.

Division Share of Overall Programs Budget

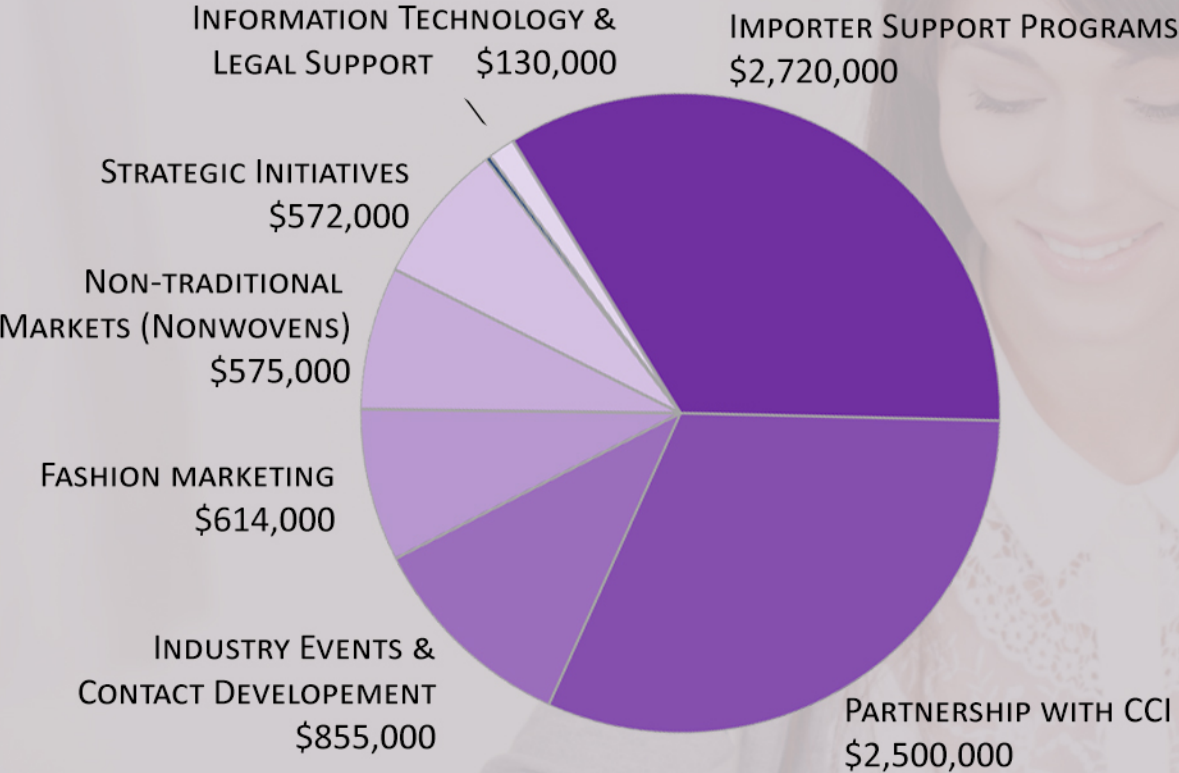
Division Budget Detail

Division Function



# Global Supply Chain Marketing

TOTAL 2021 PROGRAMS BUDGET \$51,214,000  
GSCM \$ 7,966,000  
15.6% OF TOTAL PROGRAMS



The Cotton Incorporated Global Supply Chain Marketing Division works with companies, organizations, brands & retailers to influence the use of cotton in fashion, home textiles, nonwovens, and other cotton categories. The Division also educates the textile supply chain through its CottonWorks.com platform, and through participation in industry events around the world.

Resources & activities provided by the Division include:

- Seasonal trend forecasts;
- Promotion of cotton textile technologies;
- Educational workshops and webinars;
- Farm tours for industry to better understand cotton production;
- Participation in textile trade shows;
- Staging of educational conferences;
- Support of Cotton Council International; and
- Collaborative cotton programs with brands and retailers.

Division Share of Overall Budget

Division Budget Detail

Division Function

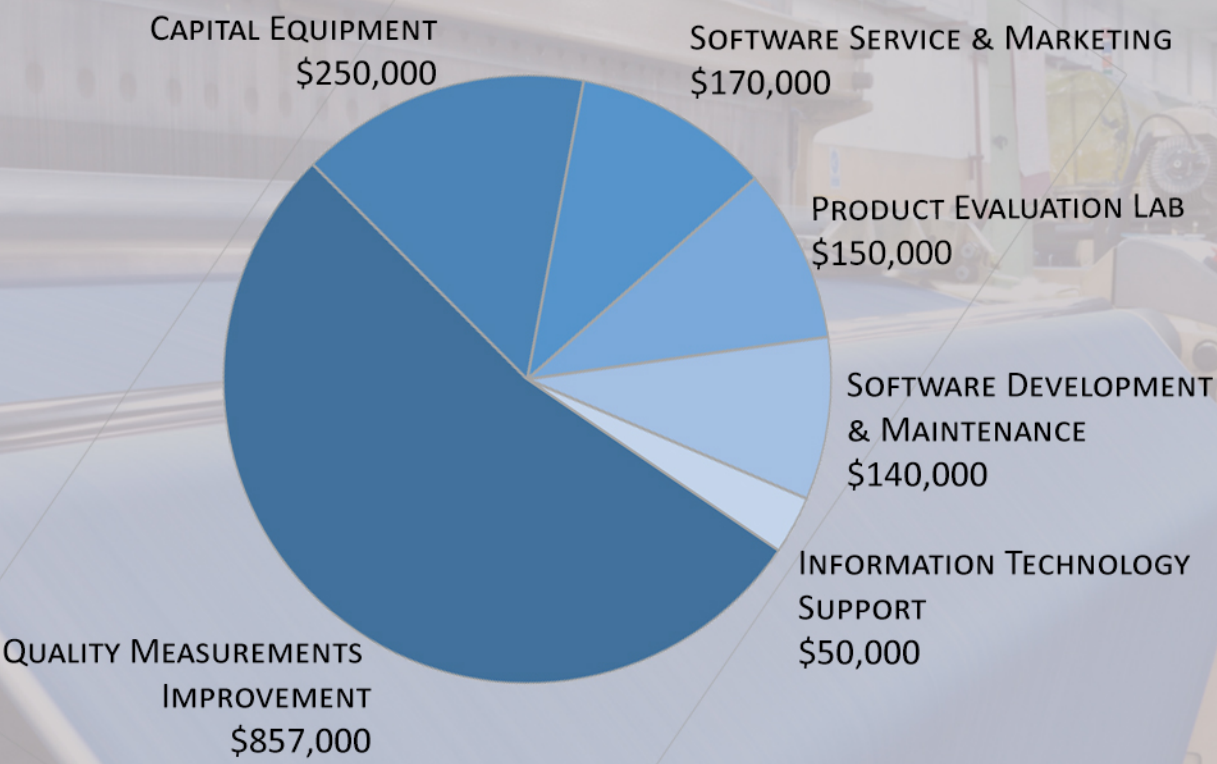


# Textile Research & Development

TOTAL 2021 PROGRAMS BUDGET     \$51,214,000  
FIBER COMPETITION                 \$ 1,617,000  
3.2% OF TOTAL PROGRAMS BUDGET

Division Share of Overall Programs Budget

## (Fiber Competition)



Division Budget Detail

The Cotton Incorporated Research & Development Division conducts research and developments to inspire and educate mills, manufacturers, and retailers about the benefits and versatility of cotton.

The Division is comprised of two large departments, **Fiber Competition** and **Product Development & Implementation**.

### Fiber Competition

- Creates and maintains measurement and logistic tools in order to make cotton more efficient and profitable, including:
  - Fiber quality management research;
  - Fiber and product testing in the Product Evaluation Laboratory; and
  - Ginning contamination research.
- Develop and maintain Cotton Management System software to improve the flow of cotton and mill inventory efficiency.

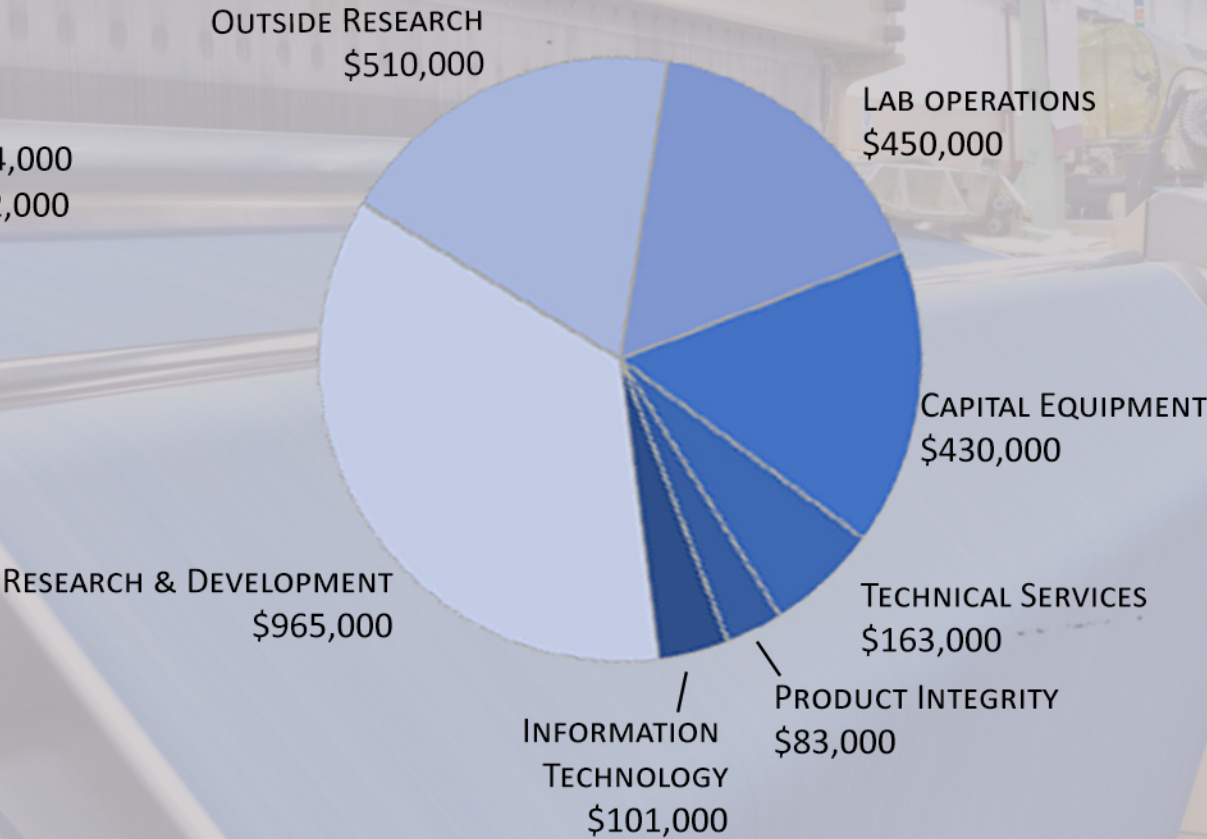
Division Function



# Textile Research & Development

(Product Development & Implementation)

TOTAL 2021 PROGRAMS BUDGET           \$51,214,000  
PRODUCT DEVELOPMENT & IMPLEMENTATION   \$ 2,702,000  
5.2% OF TOTAL PROGRAMS BUDGET



The Cotton Incorporated Research & Development Division conducts research and development to inspire and educate the supply chain about the benefits and versatility of cotton.

The Division is comprised of two departments: **Fiber Competition & Product Development & Implementation.**

**Product Development & Implementation**  
Oversees or conducts technical research, and development and implementation of textile technologies and fabric constructions that help cotton remain competitive:

- Textile innovations to improve product performance, such as the STORM™ technologies;
- FABRICAST™ cotton and cotton-rich fabric constructions to inspire designers and manufacturers around the world to use cotton; and
- Research designed to demonstrate a competitive advantage for cotton fiber, such as the studies of microfiber degradation rates.

Division Share of Overall Programs Budget

Division Budget Detail

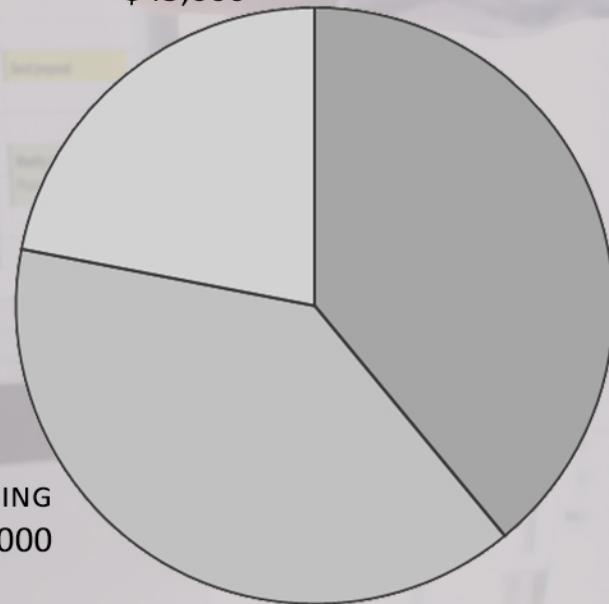
Division Function



# Administration, Finance, and Information Technology

TOTAL 2021 PROGRAMS BUDGET \$51,214,000  
ADMINISTRATION, FINANCE & IT \$ 205,000  
0.4% OF TOTAL PROGRAMS BUDGET

INFORMATION TECHNOLOGY  
\$45,000



SPECIAL PROJECTS  
\$80,000

PATENTS, TRADEMARKS, & LICENSING  
\$80,000

The Cotton Incorporated Administration Division is comprised of four areas:

- Board of Director Services;
- Human Resources;
- Intellectual Property, Contracts & Legal; and
- Corporate Office and Facility Services.

The Administration Division of Cotton Incorporated fulfills such essential service for the Company as:

- Planning and managing Board of Directors meetings and communications;
- Ensuring that the Company has the necessary staff;
- Protecting Company patents, trademarks, and intellectual property; and
- Maintaining all global offices, including the Research Laboratories of the Cary, NC World Headquarters.

Division Share of Overall Programs Budget

Division Budget Detail

Division Function