

**HOW  
TO MAKE  
IMPACT  
HAPPEN?**



# AGENDA

*"Making impact happen"*

## 1) IMPACT INCENTIVES

"Impact Incentives refer to the certificates that are traded in support of a sustainability claim."

## 2) IMPACT PARTNERSHIP

"The program partners deliver training, verification, and collect data with the farmers, while offering stories, data and credibility back to the brands. "

## 3) IMPACT ALLIANCE

"By working together, we can leverage our separate and shared sources and markets. We can combine our efforts to create more efficient systems, and report out on a much larger impact that we ever could individually."





What are Impact Incentives?

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# IMPACT INCENTIVES

*"The way they work is quite simple; farms that meet the standard or benchmark will be able to sell incentives for their volume of output, and brands can purchase these incentives to balance out their use of the output materials. "*

- Impact Incentives refer to the certificates that are traded in support of a sustainability claim.
- The incentives are issued when a set of criteria have been confirmed.
- The Incentive Certificates represent a specified quantity of verified material that has been produced but has not been physically traded as verified goods. Nevertheless, brands and retailers will have an efficient and effective tool to demonstrate their commitment to their CSR goals, and to build up the supply of more sustainable commodities that they can eventually link to with physical sourcing.



# We need a powerful solution

We decided to bypass the cost and complexity of tracking supply chain, and to instead invest in certificate trading as the main tool for brands to signal their expectations and support of best practices at the start of their supply chains.

*We call the certificates Impact Incentives, and the approach offers a number of important advantages:*

## fast

- The thinking and technology to support certificate trading already exists; we are simply applying it to known critical sourcing areas of different commodities.
- We can avoid the time it would take for brands to map their supply chains and find ways to trace materials.

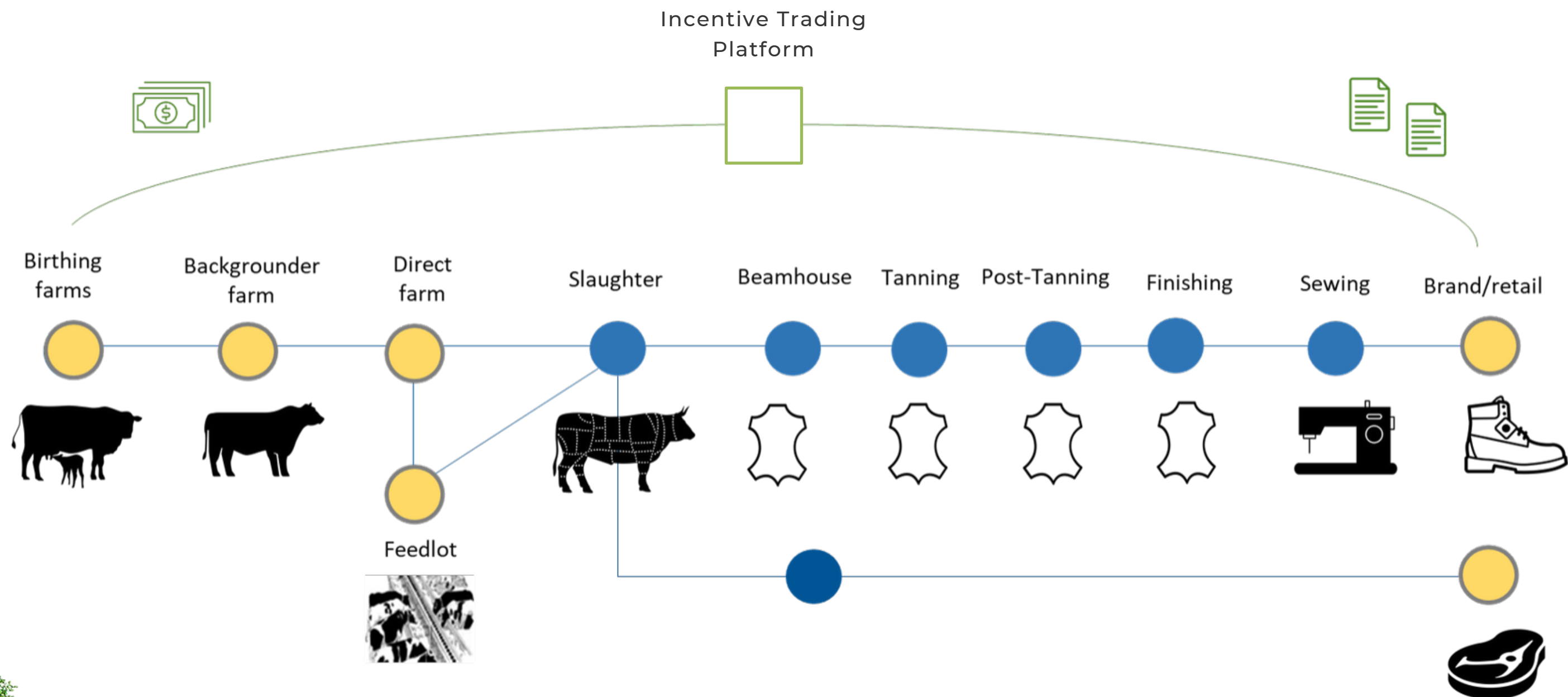
## flexible

- Incentives can be used across multiple commodities that have overlapping supply chains and/or impacts (eg: leather and beef are linked to cattle, both cattle and soy have impacts on deforestation)



# & efficient

- **Rather** than paying farmers a premium for best practices, then having every stage along the supply chain add their margin to that premium, the end buyers (brands or retailers) can transfer their support directly to the critical sourcing areas, with just a small fee paid for the transfer of the incentives.





# How will Impact Incentives Succeed?

**1** fast  
Because used by different industries, Incentives accelerate impact.

**2** flexible  
Incentives go beyond certification by working across multiple commodities and scopes.

**3** efficient  
Focused commitments on specific sourcing areas.





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What about marginal farmers that cannot meet a standard?

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# IMPACT PARTNERSHIP

- Impact Incentives can also be sold by programs that are working with farmers to improve practices and meet minimum levels of best practices.
- They are a tool to help brands work with on-the-ground program partners to **support farmers to meet the best practices** and set themselves up for incentive trading and/or physical trading.
- **The program partners deliver training**, verification, and collect data with the farmers, while offering stories, data and credibility back to the brands. Although the programs can go on indefinitely, the individual farms will only count for incentives for three years, so that we are constantly moving them to improved practices, and making room for new ones to be involved.
- After three years, or ideally less, the farms can trade incentives directly with the brands, and get the money into their own pockets. **All of this will drive up the supply of the preferred material, creating that scale of change we need to address the issues facing our planet, as well as the scale of supply that brands can ultimately achieve for physical sustainable sourcing.**



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*“Aliança da Terra works in the field directly with producers, promoting a balance between production, respect for people and the environment.”*

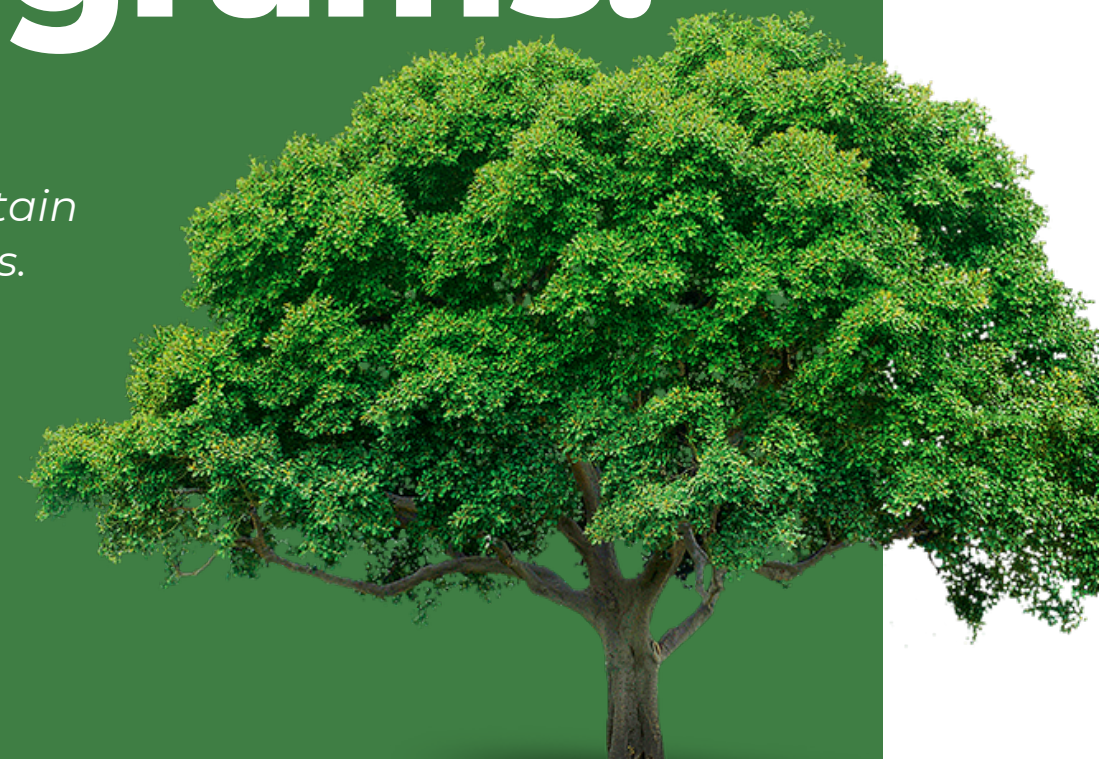


# fast

- Impact Partnership Incentives can also be used to help drive progress towards the benchmark thresholds. Brands will give money to program partners that will then work with producers on capacity building, data collection, verification and trading support.
- Farmers can be supported through a Program for up to three years under the Impact Partnership Incentive system. After that they should achieve the minimum thresholds to have access to the Incentives.
- When the farmers meet the standard or benchmark that is set, they can trade incentives directly (and gain more financial reward).
- Brands can also make long-term commitments to support specific programs through the Impact Partnership Incentives.

# Impact Partnership Incentives support changes through programs.

*while Impact Incentives sustain it with Farmers.*





# & efficient

- *Impact Partnership* is an efficient tool to help more marginal farms to improve their practices and participate on the schemes.





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What is the Impact Alliance?



# IMPACT ALLIANCE

*The Impact Alliance is a voluntary collaboration between sustainability standards owners that provides oversight on the use of Impact Incentives.*

- The purpose of the Alliance is to use Impact Incentives to accelerate the positive impacts of sustainability schemes in order to address the key issues facing the future of our planet.
- The Alliance members work together to define the common thresholds (eg. Zero Gross Deforestation or Conversion), verification procedures and data sets for the different scopes that are attached to the incentives.
- By working together, we can leverage our separate and shared sources and markets. We can combine our efforts to create more efficient systems, and report out on a much larger impact that we ever could individually. The more that join us, the more powerful we can all be.



Managed by Impact Alliance



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Setting up Partnerships:



## WORKING WITH FOOD



SOY



BEEF



COTTON

## SUPPORTING BRANDS & RETAILERS



SUSTAINABLE  
COMMODITIES

## INCENTIVES TRADING PLATFORM



SUSTAINABLE SUPPLY  
CHAINS

## WORKING WITH TEXTILES



### LEATHER IMPACT ACCELERATOR OUTCOMES

- Accelerate positive impacts in the leather industry through wide scale adoption of better practices; mitigate climate change, protect biodiversity, respect social and animal welfare, and reduce the environmental impacts of leather production
- Empower brands and retailers to support best practices along all parts of their supply chains
- Give farmers a means to be recognized and rewarded for their efforts and commitments





How to make impact happen?



# LEATHER IMPACT ACCELERATOR

The Leather Impact Accelerator (LIA) is a **Textile Exchange** program that enables members of the leather value chain to work towards shared expectations in a coordinated way. It provides tools to align their actions towards meaningful global impacts.

The goal of LIA is to leverage and add value to the work that is already being done in the beef and leather industries. To that end, LIA uses **benchmarks** to set a minimum threshold for practices and give recognition to those who meet or exceed them. Brands can use Impact Incentives to provide direct financial support to farmers that meet LIA benchmarks. The **Claims Framework** provides guidance for all LIA participants to make credible claims.



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How to make impact happen?



# PREFERRED COTTON

Textile Exchange is looking at using Impact Incentives and Impact Partnership Incentives as an efficient way for brands to support farmers to adopt improved practices and move towards fully regenerative systems.





How to make impact happen?



# SUSTAINABLE BEEF

The Global Roundtable for Sustainable Beef (GRSB) is a global, multi-stakeholder initiative developed to advance continuous improvement in sustainability of the global beef value chain through leadership, science and multi-stakeholder engagement and collaboration. The GRSB envisions a world in which all aspects of the beef value chain are environmentally sound, socially responsible and economically viable.





How to make impact happen?

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# PROTERRA SOY

The ProTerra Foundation is a not-for-profit organisation that advances and promotes sustainability at all levels of the feed and food production system. A commitment to full transparency and traceability throughout the supply chain and concern for corporate social responsibility and the potential detrimental impact of herbicide-resistant, genetically modified crops on ecosystems and biodiversity is at the heart of everything we do.

Independent third party certification is central to the Proterra Foundation and brings together stakeholders from all parts of the supply chain. ProTerra certification ensures that high quality supplies of crops, food, and feed, that are independently certified as Non-GMO and produced with improved sustainability, are available in the market.





Results on the ground

# INCENTIVE SCOPES

*By issue of focus*





How to make impact happen?

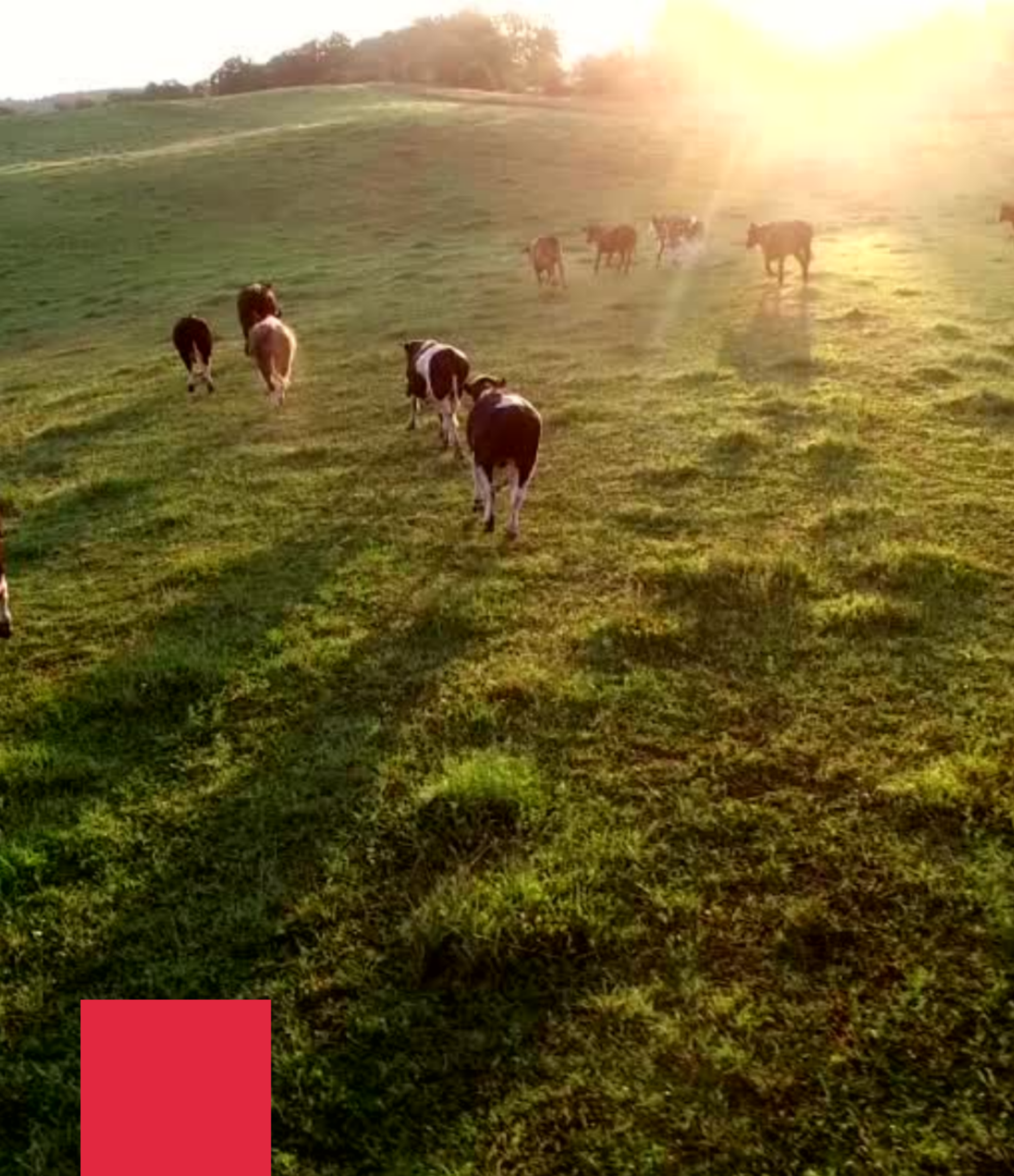
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# DEFORESTATION & CONVERSION-FREE

All Impact Incentives and Impact Partnership Incentives support farms that are verified to meet the Accountability Framework definitions of Zero Gross Deforestation or Conversion.

Because the Impact Alliance represents multiple sectors, we have the opportunity to amplify impacts in high-risk landscapes. For example, incentives can be sold for soy, beef and cattle in the Amazon Biome.





What are Impact Incentives?

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# ANIMAL WELFARE

All Impact Incentives and Impact Partnership Incentives support farms that are verified to meet a baseline of animal welfare that represents the OIE guidelines. Many standards will go beyond this, but we felt that it was important to establish a minimum threshold.

The OIE Global Animal Welfare Strategy was adopted in 2017 with the objective of achieving: “A world where the welfare of animals is respected, promoted and advanced, in ways that complement the pursuit of animal health, human well-being, socio-economic development and environmental sustainability”.



THANK YOU

