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The Impact Incentives Claims Policy V1.0 is effective as of July 17, 2023. All logo use and claims made after July 17, 2023 shall be made using Impact Incentives Claims Policy V1.0.

Cover photo credit: Produzindo Certo, Brazil.

English is the official language of the *Impact Incentives Claims Policy*. In any case of inconsistency between versions, reference shall be made to the English version.

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Revision History

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Introduction

About the Impact Incentives Claims Policy

This document sets the criteria and boundaries for organizations to effectively communicate about their engagement with and use of Impact Incentives. The scope of this policy applies to all Impact Incentives governed by Textile Exchange, which currently include:

- 1. Deforestation
- 2. Animal welfare
- 3. Land management

The credibility and responsible use of claims about Impact Incentives and Impact Partnerships are critical to the integrity of the system. As such, all parties must respect the criteria outlined in this document. The success of the programs depends on the credibility of claims in the market.

The Impact Incentives Claims Policy aims to ensure claims made in relation to Impact Incentives are:

- 1. Well-articulated with clearly defined boundaries for use;
- 2. Attractive and able to create value for the stakeholders using them;
- 3. Truthful, credible, consistent, and efficient, equally for internal/non-public, consumer-facing and business-to-business claims.

All claims shall conform with the requirements detailed in this policy and shall be true, accurate, and not misleading.

About Textile Exchange

Textile Exchange is a global non-profit driving positive impact on climate change across the fashion and textile industry. It guides a growing community of brands, manufacturers, and farmers towards more purposeful production from the very start of the supply chain.

Textile Exchange's goal is to help the industry to achieve a 45% reduction in the emissions that come from producing fibers and raw materials by 2030. To get there, it is keeping its focus holistic and interconnected, accelerating the adoption of practices that improve the state of our water, soil health, and biodiversity too.

For real change to happen, everyone needs a clear path to positive impact. That's why Textile Exchange believes that approachable, step-by-step instruction paired with collective action can change the system to make preferred materials and fibers an accessible default, mobilizing leaders through attainable strategies, proven solutions, and a driven community.

To learn more, visit <u>textileexchange.org</u>.



Logo Distribution

The Impact Incentives logo is the intellectual property of Textile Exchange and may only be used with its permission.

Textile Exchange only distributes the Impact Incentives logo to organizations that have submitted their claims or statements to claims@textileexchange.org and have had them approved. See section C3 for more information about approvals.

All logo use shall conform to the Logo Use Specifications outlined in this document. Incidents of unapproved, improper, or fraudulent use of the Impact Incentives logo will be handled in accordance with the <u>ASR-110</u> Complaints and Feedback Policy.

Legal Regulations

The guidance in this policy is intended to ensure conformity with Textile Exchange's integrity controls. This document is not intended as legal guidance, and Textile Exchange does not take any responsibility for the legal implications of its use nor the use of any related claims. All claim makers are responsible for verifying that claims satisfy the labeling laws of the countries of sale.

Relevant guidance includes (but is not limited to):

EU: Proposal for a Directive on Green Claims, 2023

<u>Proposal for a Directive on empowering consumers for the green transition</u>

and annex, 2022

International: <u>ISO 14020, ISO 14021, ISO 14024, ISO 14025</u>

UK: Green Claims Code, 2021

USA: Federal Trade Commission, 16CFR Part 260: Guides for the Use of

Environmental Marketing Claims (Green Guides), 2012

<u>Federal Trade Commission, 16CFR Part 255: Guides Concerning the Use of</u> Endorsements and Testimonials n Advertising, 2009 (in review, 2020)



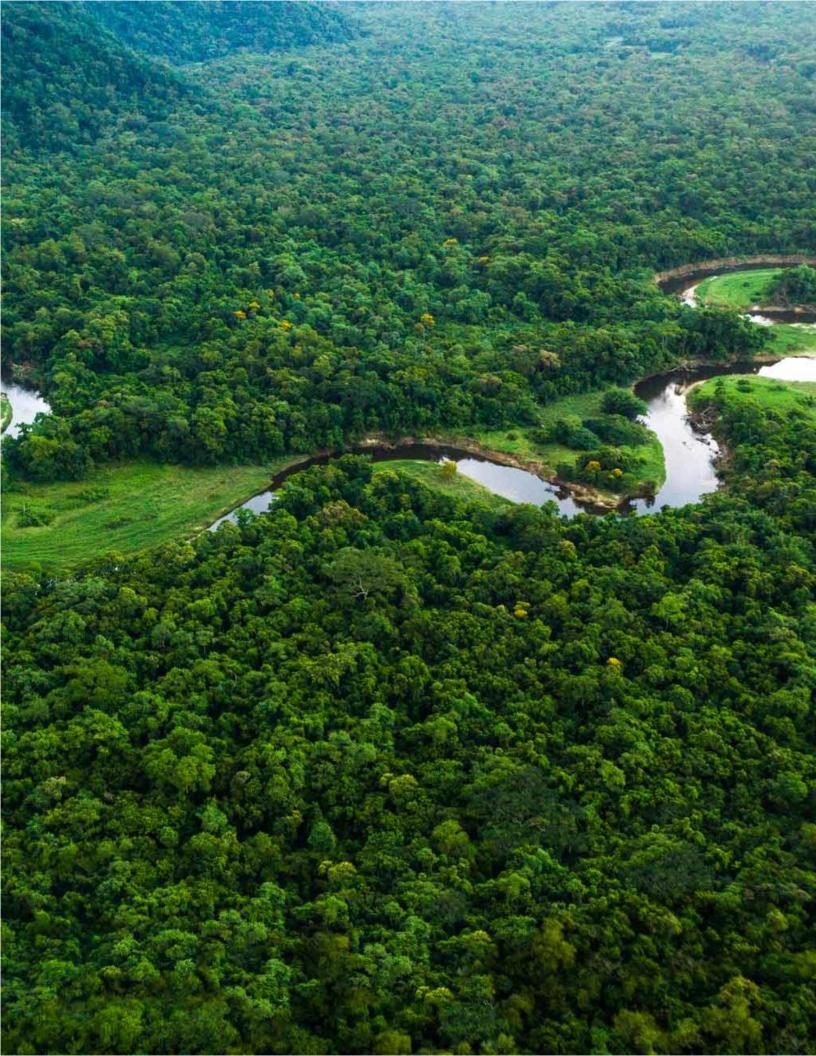


How to Use This Document

In the Impact Incentives Claims Policy, the following terms are used to indicate requirements, recommendations, permissions, and possibilities or capabilities:

- "Shall" indicates a requirement
- "Should" indicates a recommendation (non-binding)
- "May" indicates a permission (non-binding)
- "Can" indicates a possibility or a capability

In all instances "producer" may be replaced with terms such as "farmer" or "herder."





Section A – Claims by Impact Incentives Buyers

Impact Incentives buyers (usually brands and retailers) are permitted to make claims about their support for the producers and/or Program Partners from whom they have purchased Impact Incentives. These claims may appear in the form of brief statements that describe the company's support. Buyers may also communicate about the impacts their purchases are supporting through more in-depth storytelling that speaks to what is happening on the ground and is supported by verified data. Messaging shall be made off-product and in marketing materials only; no on-product claims are permitted.

A1. Criteria

- **A1.1** Claims by buyers may be made by companies that have purchased and redeemed Impact Incentives.
- A1.2 Claims by buyers may only appear off-product and in marketing materials or other corporate documents only. No on-product or product-related claims or logo use is allowed.
 - A1.2.1 Claims related to sourcing or other aspects of a company's supply chain or business management shall not be made.
- A1.3 Claims by buyers shall be made only during the validity period identified on the Impact Incentives certificate.
 - **A1.3.1** After the validity period expires, claims shall be removed unless new Impact Incentives are purchased.
- A1.4 Claims by buyers shall be true, accurate, not misleading, and convey the scope (e.g. animal welfare, deforestation) and scale of the Impact Incentives purchased.
- A1.5 Claims by buyers may only mention the names of organizations or individuals involved in the trade of the Impact Incentives if the parties in question have agreed in writing to be named.
- **A1.6** Claims by buyers may only reference producer data or information that has been verified by a third-party.
- A1.7 Claims by buyers should be accompanied by relevant descriptions of the applicable scope (e.g. animal welfare, deforestation) as well as about Impact Incentives or Impact Partnerships. Please refer to the "Add-ons" columns in the chart in C2: Example Claims for these descriptions.
- A1.8 Claims by buyers may be accompanied by information that is outside the scope of all Impact Incentives policies including this claims guide, provided the information is true, accurate, and not misleading.
 - A1.8.1 This information is not subject to approval or validation by Textile Exchange and should be able to be backed up by third-party verified data.





- A1.9 Claims by buyers shall include a link to the ImpactIncentives.org website and textIncentives.org website and <a href="mai
- **A1.10** Claims by buyers may be accompanied by the Impact Incentives logo. Logo use shall conform with the requirements outlined in Section E Logo Use Specifications.
- **A1.11** All claims by buyers shall be approved by Textile Exchange. See Section C Creating Impact Incentives Claims for more instruction.



Section B – Claims by Producers and Program Partners

B1. Criteria

- **B1.1** Claims by producers and Program Partners may only be made by:
 - a. Producers that are verified to have met the Impact Incentives requirements set by Textile Exchange (e.g. animal welfare certification, DCF verification);
 - b. Producers that are actively participating in an Impact Partnership;
 - c. Textile Exchange-approved Program Partners.
- **B1.2** For leather Impact Incentives, claims by producers and Program Partners may also talk about the Leather Impact Accelerator (LIA). For guidance on making claims about LIA, please refer to the <u>LIA-311 LIA Claims</u> Guide.
- B1.3 Claims by producers and Program Partners should be accompanied by relevant descriptions of the applicable scope (e.g. animal welfare, deforestation) as well as about Impact Incentives or Impact Partnerships. You may refer to the "Add-ons" columns in the chart in C2: Example Claims below for these descriptions.
- **B1.4** Claims by producers shall be made only during the validity period of the Impact Incentives.
- **B1.5** Claims by Program Partners shall be made only during active engagement as an approved Program Partner.
- **B1.6** Claims by producers and Program Partners may be accompanied by information that is outside the scope of all Impact Incentives policies including this claims guide, provided the information is true, accurate, and not misleading.
 - **B1.6.1** This information is not subject to approval nor validation by Textile Exchange and should be able to be backed up by third-party verified data.
- **B1.7** Claims by producers and Program Partners shall include a link to the <u>ImpactIncentives.org</u> website and <u>textileexchange.org/leather-impact-accelerator</u> where applicable.
- **B1.8** Claims by producers and Program Partners may be accompanied by the Impact Incentives logo. Logo use shall conform with the requirements outlined in Section E Logo Use Specifications.
- **B1.9** All claims by producers and Program Partners shall be approved by Textile Exchange. See Section C Creating Impact Incentives Claims for more instruction.



Section C – Creating Impact Incentives Claims

C1. Elements of an Impact Incentives Claim

- **C1.1** All Impact Incentives claims should include, at a minimum, the following elements:
 - a. **Specific timeframe** the timeframe associated with the claim shall be clear.
 - b. **Organization name** if using "we" in the claim, the organization's logo or name shall be easily identifiable elsewhere on the page / editorial.
 - c. **Context** the bulk of the claim shall specify the circumstances under which the company is contributing to or is authorized to talk about Impact Incentives. The context required to be shared will depend on the specific situation, and may include the following pieces of information:
 - i. Producer or Program Partner name, where applicable and permitted to include.
 - ii. Specific region, where applicable and permitted to include.
 - iii. Extent of the claim / achievement specify the contribution your organization has made and what the outcome was. It is important to include as much accurate information as possible.
 - <u>For example:</u> a brand invests in Impact Incentives to reward and recognize a farmer for no deforestation on their land; or a Program Partner helps a farm achieve certification to a LIA-approved animal welfare standard.
 - iv. *Method of verification* in order to be allowed to sell Impact Incentives, producers and Program Partners will go through some level of verification. This information, where applicable, should be stated in the claim.
 - <u>For example:</u> producers are *third-party verified* to confirm either DCF status or certification to an approved animal welfare standard; Program Partners are *approved* through an application and review process.
 - d. Access to more information all claims shall include a link to the lmpactIncentives.org website and textileexchange.org/leather-impact-accelerator webpages to allow readers to access evidence and additional information to further understand the context and properly substantiate the claim.

C2. Example Claims



The below charts serve to provide examples of how claims across various scopes and claim makers may be crafted. Organizations may use the exact language shown or expand on and minimally adjust the example claims as needed to fit their marketing style, provided the meaning is not changed.

All claims must be submitted to claims@textileexchange.org for approval before use. See Section C3: Claim Approvals for further details.

IMPACT PARTNERSHIPS					
Scope	Claim Maker	Required Information	Add-ons: Scope-Specific	Add-ons: Impact Incentives	
LEATHER — DEFORESTATION/CONVERSION-FRE (DCF)	Buyer claim	In [specific timeframe], we (or organization name) purchased/invested in Impact (Partnership) Incentives to support [Program Partner name], an approved (on-the-ground) program partner, in their work helping (cattle) farmers (in specific region/country) to have their farms third-party verified as deforestation / conversion-free according to the LIA DCF Protocol. [Insert add-ons] Learn more at ImpactIncentives.org and textileexchange.org/leather- impact-accelerator.	DCF verification confirms that no deforestation as a result of conversion to agriculture has occurred on (their/our) land since [cut-off date]. OR DCF verification confirms that no cattle production has caused or contributed to deforestation (as defined by the Accountability Framework) on (their/our) land since [cut-off date].	Impact Incentives are an evolution of the book and claim or credit trading systems. They are issued to producers that meet a set of sustainability criteria. AND/OR Impact Partnership Incentives allow brands and retailers to support on-the-ground programs to help producers meet best practices.	
	Producer claim	We are (or farm name is) participating in an Impact Partnership to have our farm third-party verified as deforestation / conversion-free according to the LIA DCF Protocol. [Insert add-ons] Learn more at ImpactIncentives.org and textileexchange.org/leather-impact-accelerator.			
	Program partner claim	We are (or organization name is) an approved Program Partner working (on-the-ground) with (cattle) farmers (in specific region/country) to have their farms third-party verified as deforestation / conversion-free according to the LIA DCF Protocol.			



IMPACT PARTNERSHIPS					
Scope	Claim Maker	Required Information	Add-ons: Scope-Specific	Add-ons: Impact Incentives	
	Buyer claim	[Insert add-ons] Learn more at ImpactIncentives.org and textileexchange.org/leather- impact-accelerator. In [specified timeframe], we (or	All standards (or	Impact Incentives are an	
LEATHER – ANIMAL WELFARE		organization name) purchased/invested in Impact (Partnership) Incentives to support [Program Partner name], an approved (on-the-ground) program partner, in their work helping cattle farms improve their animal welfare practices (to achieve certification to a LIA-approved standard). [Insert add-ons] Learn more at ImpactIncentives.org and textileexchange.org/leather- impact-accelerator.	certification schemes) approved by the Leather Impact Accelerator (LIA) have been assessed and approved (through Textile Exchange) to meet a set of established requirements. Note: More statements about the	evolution of the book and claim or credit trading systems. They are issued to producers that meet a set of sustainability criteria. AND/OR Impact Partnership Incentives allow brands and retailers to support on-the-ground programs to help producers meet best practices.	
	Producer claim	We are (or farm name is) participating in an Impact Partnership to improve our animal welfare practices (to achieve certification to a LIA-approved standard). [Insert add-ons] Learn more at ImpactIncentives.org and textileexchange.org/leather-impact-accelerator.	LIA Benchmark for Animal Welfare Standards can be found in the LIA-311 LIA Claims Guide.		
	Program partner claim	We are (or organization name is) an approved Program Partner working (on-the-ground) with cattle farms to improve their animal welfare practices (to achieve certification to a LIA-approved standard). [Insert add-ons]			



IMPACT PARTNERSHIPS					
Scope	Scope Claim Maker Required Information		Add-ons: Scope-Specific	Add-ons: Impact Incentives	
		Learn more at ImpactIncentives.org and textileexchange.org/leather-impact-accelerator.			



In all Impact Partnership claim examples shared above, buyers may choose to say: "We have formed an Impact Partnership with [*Program Partner name*]" instead of "We have purchased/invested in Impact Incentives". In this case, it is important to include a relevant Impact Partnership description in order to ensure proper understanding of the partnership incentives model.

IMPACT INCENTIVES					
Scope		Required Information Add-ons: Scope-Specific		Add-ons: Impact Incentives	
LEATHER – DEFORESTATION/CONVERSION-FRE (DCF)	Producer claim	In [specific timeframe], we (or organization name) purchased/invested in Impact Incentives to support (cattle) farms (add specific farm name/region, if applicable) that are verified deforestation/conversion-free (and continue to prevent the loss/conversion of natural forests). [Insert add-ons] Learn more at ImpactIncentives.org and textileexchange.org/leather-impact-accelerator. We are (or farm name is) verified to sell Impact Incentives for leather. Our farm is verified as deforestation / conversion-free. [Insert add-ons] Learn more at ImpactIncentives.org and textileexchange.org/leather-impact-accelerator.	DCF verification confirms that no deforestation as a result of conversion to agriculture has occurred on (their/our) land since [cut-off date]. OR DCF verification confirms that no cattle production has caused or contributed to deforestation (as defined by the Accountability Framework) on (their/our) land since [cut-off date].	Impact Incentives are a type of book and claim or credit trading system. Impact Incentives are issued to producers that meet a set of sustainability criteria.	



	IMPACT INCENTIVES		
Scope	Required Information	ed Information Add-ons: Scope-Specific	
Buyer claim Producer claim	In [specified timeframe], we (or organization name) purchased/invested in Impact Incentives to reward/recognize cattle farms (add specific farm name/region, if applicable) that are certified to a LIA-approved animal welfare standard. [Insert add-ons] Learn more at ImpactIncentives.org and textileexchange.org/leather-impact-accelerator. We are (or farm name is) verified to sell Impact Incentives for leather. Our farm is certified to a LIA-approved standard for animal welfare. [Insert add-ons] Learn more at ImpactIncentives.org and textileexchange.org/leather-impact-accelerator.	All standards (or certification schemes) approved by the Leather Impact Accelerator (LIA) have been assessed and approved (through Textile Exchange) to meet a set of established requirements. Note: More statements about the LIA Benchmark for Animal Welfare Standards can be found in LIA-311 LIA Claims Guide.	Impact Incentives are an evolution of the book and claim or credit trading systems. They are issued to producers that meet a set of sustainability criteria.

C3. Claim Approvals

Claim approval requests shall be made via e-mail to <u>claims@textileexchange.org</u>; all emails should include the subject line: "Claim Approval Request: Company Name".

Note: Another format (such as an online form) for submitting claims may be provided by Textile Exchange in the future.

- C3.2 At a minimum, the following information shall be submitted in the claim approval request:
 - a. Name of organization making the claim
 - b. Name and contact information of the individual responsible for the claim approval request at that organization
 - c. Impact Incentives certificate number





- d. Details around the scope of the claim
- e. Intended markets (countries)
- f. The statement that is proposed to be used in the claim
- g. Any artwork that will be used, clearly including the location and display of the Impact Incentives logo
- h. Intended date of publication / release and duration (if applicable)
- **C3.3** Following the submission of a claim approval request, please allow 5-7 business days for review. Textile Exchange may request edits to be made to your claim before final approval.
- **C3.4** Textile Exchange may request the organization to send a link or attachment of the approved claim once published.



Section D - Monitoring and Misuse

- D1.1 The Impact Incentives logo is the intellectual property of the Impact Alliance/Textile Exchange and for authorized use and/or display only; all logo use shall conform with the guidelines described in the member's claims guide. Unauthorized display, copy, and/or use of the Impact Incentives logo without prior authorization is strictly prohibited.
- D1.2 Textile Exchange reserves the right to take legal action against any party that uses, displays, and/or copies the Impact Incentives logo without prior authorization. Incidents of improper use of the Impact Incentives logo will be handled in accordance with the terms outlined in this document.
- D1.3 In addition to the data management system that hosts records of all licensed claims, as part of its monitoring activities, Textile Exchange may use product tracebacks, routine or risk-based market surveillance, product testing, product tagging, and/or web crawlers to surveil the market for improper logo use and claims.
- D1.4 Textile Exchange will determine the appropriate level of surveillance for the various allowed claims described in this policy. In addition to the data management system that hosts records of all approved claims, as part of its monitoring activities, Textile Exchange may use product tracebacks, routine or risk-based market surveillance, product testing, product tagging, and web crawlers to surveil the market for improper or unapproved claims.
- **D1.5** Reports on potential improper or unlicensed use of the Impact Incentives logo or claims may be submitted through our Complaint Form, or by sending an email to assurance@textileexchange.org.
- D1.6 If Textile Exchange becomes aware of improper or unlicensed use of its intellectual property, Textile Exchange will attempt to engage with the claim maker and will offer a 30-day window from the date of first notice to correct or remove the claim.
- **D1.7** If the misuse is not remedied within 30 days and/or upon a second instance of misuse, Textile Exchange may take applicable actions as per any in-force licensing agreement and may pursue further applicable action up to and including legal proceedings.



Section E – Logo Use Specifications

The below general guidelines apply to the use of the Impact Incentives logo.

E1. Distribution and File Formats



- **E1.1** Following the submission of a claim approval, the Impact Incentives logo will be distributed upon approval of the claim.
 - **E1.1.1** For non-claim uses of the logo, please send a request through email to claims@textileexchange.org with an explanation of its planned use.

Note: Textile Exchange reserves the right to reject requests to provide the logo for uses that are deemed to not meet the requirements of this policy. All instances of logo use and claims must be submitted for approval.

- **E1.2** The logo shall be from the original design files. The below formats are provided:
 - EPS: Best for printing and high-resolution production.
 - PNG: Good for use on-screen, websites, presentations, Word documents, and other low-resolution applications.
 - JPG: Same uses as a PNG, but of lower quality and with a faster loading time.

E2. Size and Position

- **E2.1** The logo and all wordings therein shall be of a size large enough to be clear and legible.
- **E2.2** The logo shall not be less than 15 mm or 0.59 inches in diameter. (Note: Diagram below is not shown to scale)





- **E2.3** Adequate space of approximately 20% of the width of the mark shall be left around the logo. The logo shall not overlap with any other logos or text.
- **E2.4** Fonts for text claims accompanying the logo shall be clear and legible and set to an appropriate size for the place that it is printed.
- E2.5 The logo shall be kept at a reasonable distance from any other logo, image, statement, or claim that does not refer to Impact Incentives and the relevant standard or program.
- **E2.6** The URL for the relevant program or ImpactIncentives.org should be embedded in the image of all digital instances of the logo(s).
- **E2.7** An organization may embed a link to a page with content related to the relevant program as long as the URL for the relevant program appears on that page.

E3. Placement of Allowed Language

- **E3.1** Where logo use is permitted, the allowed language shall appear near the relevant logo.
- **E3.2** Recommended placement of the allowed language is directly below or to the side of the logo(s).

E4. Approved Colors



Color	Pantone	СМҮК	RGB	Hex
Dark Mustard	131 C	18,48,100,2	191,139,46	BF8B2E
Mustard	7555 C	18,37,100,1	221,166,58	DDA63A
Dark Blue	7686 C	100,58,0,21	0,85,150	005596
Blue	7461 C	96,41,6,0	10,151,217	0A97D9
Dark Green	7742 C	74,32,95,19	63,126,68	3F7E44
Lime Green	361 C	75,4,100,0	86,192,43	56C02B
Red	185 C	1,100,92,0	229,36,59	E5243B

NOTE: With the exception of Dark Blue, all other colors in the Impact Incentives logo are from the <u>SDG icons color palette</u>.



E5. Logo Application

E5.1 The logo shall be applied to backgrounds with sufficient contrast for optimal visibility.





E5.2 The logo shall not be modified in any manner (i.e. change approved colors, skew or distort the logo).



The color of the word "Incentives" is changed to green; this is not permitted.