



Textile
Exchange

Conflict of Interest Policy

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This policy will be formally reviewed every five years or sooner, if warranted.

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Purpose

The Textile Exchange *Conflict of Interest Policy* addresses potential, perceived, and actual conflicts of interest. This policy is intended to ensure that Textile Exchange directors, officers, and staff act in Textile Exchange’s best interest and comply with applicable legal requirements.

Scope

The *Conflict of Interest Policy* applies to the Textile Exchange governance board (“directors”), executive officers (“officers”), and staff (including staff employed through an Employer-of-Record and interim staff).

When we find violations of this policy or any associated policies, we hold individuals accountable.

Responsible department and team

This policy is owned and approved by the Textile Exchange Chief Executive Officer.

The Legal team has overall responsibility for maintaining and implementing this policy. For Textile Exchange staff, the People and Culture team oversees the implementation of and compliance with this policy.

Textile Exchange avoids conflicts of interest and the appearance of conflicts of interest. Directors, officers, and staff are asked to complete an *Annual Code of Conduct Acknowledgement and Conflict of Interest Disclosure Statement* at the start of employment or service, on an annual basis thereafter, and whenever a potential, perceived, or actual conflict arises.

Individuals other than directors, officers, and staff, including, but not limited to, independent contractors, must disclose conflicts in accordance with the process set out in their agreements with Textile Exchange.

References and related documents

- *Annual Code of Conduct Acknowledgement and Conflict of Interest Disclosure Statement*
- *Textile Exchange Code of Conduct*
- *SOP-201 Maintaining Impartiality for Assurance Team Members*

Definition of conflict of interest

Conflicts of interest happen where an individual who is responsible for acting in the best interests of Textile Exchange engages in an interest or activity that could influence or impair, or may appear to influence or impair, the individual's ability to act objectively or in the best interests of Textile Exchange. This includes the direct interest of the individual as well as those of relatives and other close relationships and any entity or trust in which one or more directors, officers, staff or relatives, as described below, has a substantial financial interest as (i) an owner or investor or (ii) in which the individual or family member has an "agency relationship" (i.e., is a director, officer, or staff).

For the purposes of this policy, relatives and other close relationships of a director, officer, or staff shall mean a spouse, partners or significant others, children, parents, in-laws, siblings (whole or half), grandchildren, great-grandchildren, and household members and other individuals with whom the individual shares a significant personal or financial bond.

The following is a non-exclusive list of situations where conflicts are likely to arise.

NOTE: The existence of a situation does not automatically mean there is an actual conflict, and the existence of a conflict does not automatically prevent participation in an activity; however, it requires disclosure and review.

- Proposed transaction, agreement, or other arrangement in which Textile Exchange would be a participant and one or more directors, officers, or staff, or related parties would have a financial interest.
- There is an actual or perceived conflict of interest for some other reason, such as when a director, officer or staff, or their related parties seek to enter into a transaction that competes with the interests of Textile Exchange.
- Involvement in the hiring of a family member.
- Service on a board of an organization that has or could have engagements with Textile Exchange, is related to Textile Exchange, or could take actions that impact Textile Exchange.
- Engaging in outside employment or consulting work that interferes with your ability to do your work for Textile Exchange.
- Maintaining a reporting relationship that impacts your ability to be objective (such as supervising a family member).
- Running for public office.
- Accepting gifts or entertainment that could impact how you make decisions.

Acts that mix the personal or financial interests of directors, officers, or staff with the interests of Textile Exchange are indicative of a conflict of interest. Not every potential conflict is an actual conflict. If the review of the potential conflict of interest determines that the conflict is actual or material, it requires mitigation. However, even acts that only have the appearance of a conflict of interest can be damaging to the reputation of the Textile Exchange, which is why the disclosure of potential conflicts of interest is critical.

Policy statement

Textile Exchange directors, officers, and staff shall avoid conflicts of interest between the interests of Textile Exchange on one hand, and personal, professional, and business interests on the other. Each Textile Exchange director, officer, and staff has a duty to serve the purposes to which Textile Exchange is dedicated and to conduct Textile Exchange affairs in a manner consistent with those purposes and not to advance their personal interests.

Procedures for disclosing and addressing conflicts

Disclosure of conflicts of interest

Directors, officers, and staff must be vigilant in identifying and avoiding conflicts. Always ask yourself: Could my personal interests or relationships influence the decisions I make? Could it appear that way to others? If the answer is yes, then it is a potential conflict of interest. Always seek guidance when you are unsure whether it might be a conflict of interest.

Factors to consider when evaluating a conflict of interest:

- The nature of the relationship:
 - Financial (funding source, investments, etc.).
 - Personal (relatives and close personal relationships).
 - Professional (affiliations, memberships, past work).
 - Institutional (Textile Exchange's relationships with other organizations).
- The situation's compliance with Textile Exchange policies and procedures.
- Whether a transaction confers any private inurement or impermissible private benefit to the director, officer, or staff, or their family, or their family's business entity or trust.
- The individual's role in a decision and the likelihood that the individual's judgment could be compromised or undermine trust.
- The severity of potential harm or risk of the individual's participation, and whether there are safeguards that can be put in place.

For staff, disclosures of conflicts of interest follow an elevation approach beginning at the most local level. Staff are encouraged to discuss the conflict of interest situation with their supervisor, so there is general awareness before disclosure. This allows for discussion, which may determine that the issue is not a conflict of interest or at risk of becoming a conflict of interest, thus eliminating the need to make a formal disclosure.

NOTE: Assurance team personnel should reference SOP-201 *Maintaining Impartiality for Assurance Team Members* for assurance-specific guidelines.

Annual disclosure statement

A copy of this policy, along with a *Code of Conduct Acknowledgement and Conflict of Interest Disclosure Statement*, will be provided annually to each director, officer, and staff. In addition, a new director must be provided with a copy of this policy and the disclosure statement prior to their election. Each new officer and staff must be provided with a copy of this policy and the disclosure statement on or near the commencement of their duties.

Each director, officer, and staff shall sign a *Code of Conduct Acknowledgement and Conflict of Interest Disclosure Statement* at the start of their term or employment, and annually thereafter. Each director, officer, and staff must update their disclosure statement as necessary to reflect changes during the year.

For directors, the conflict of interest disclosure and acknowledgment form is saved in BoardEffect or any other board platform implemented in the future. Any CEO and director conflict of interest disclosure shall be submitted to the Nominations and Oversight Committee to review the circumstances concerning the disclosed conflict(s) and to determine any mitigation measures to maintain impartiality. Legal Counsel or a designee may be consulted to review any disclosed conflicts of interest.

For staff, the conflict of interest disclosure and acknowledgment process is completed in BambooHR or any other human resources platform implemented by People and Culture in the future. Managers will receive the disclosure when submitted in BambooHR and will review, discuss with others as needed (for example, Department head, Legal Counsel, People and Culture, Finance Director, Senior Leadership Team members, or any future role or committee that is assigned to review conflicts of interest), and define any mitigation measures to maintain impartiality.

Disclosures outside of the annual process

Each Textile Exchange director and staff must disclose any potential, perceived, or actual conflict of interest whenever it arises.

Review, response, and recordkeeping for conflict of interest disclosures

All decisions and any applicable mitigation measures shall be documented in the following way:

1. Staff conflict of interest disclosures will be completed in BambooHR each January and saved in the staff's personnel records in BambooHR.
2. Board and CEO conflict of interest disclosures will be completed in January of each year and saved in the Textile Exchange board management platform, with a copy provided to Legal Counsel, legal@textileexchange.org.
3. The minutes of any board or other governing body meeting where a conflict of interest has been disclosed shall reflect that the conflict of interest was disclosed and that the interested person was not present for deliberations and did not vote on the matter. Such minutes should also document the basis for all determinations and approvals made by the applicable Nominations and Oversight Committee, including an account of the consideration of comparable market data and alternative transactions, agreements, or arrangements, to the extent considered or available.

Conflict of interest disclosures are reviewed on a regular basis by the board's Nominations and Oversight Committee, at least annually.