Draft Policy for Alternative Volume Reconciliation (VR2), Version 1.1

The Content Claim Standard (CCS) relies on batch-level segregation of certified products, for both 100% certified content and blended products. Textile Exchange recognizes that this model may not be implementable for sites who run continuous production processes and are unable to maintain batch level segregation. These sites are typically early in the textile supply chain and their inclusion presents an opportunity for meaningful positive impacts.

Textile Exchange is therefore allowing the use of alternative volume reconciliation (“VR2”) by sites which meet eligibility criteria. Reconciliation criteria are based on a “site-level mass balance” model at the level of an individual site.

Section A - Site Criteria

A1. Eligibility

A1.1 The site and applicable product(s) shall only use alternative volume reconciliation criteria if all of the following are met:

A1.1.1 The resulting certified product is intended for the textile sector, even if it also has other possible uses;

A1.1.2 For synthetic materials, the recycling method employed is depolymerization through glycolysis, methanolysis, and hydrolysis – excluded is gasification and pyrolysis depolymerization;

A1.1.3 The claimed input materials are physically used to make the final product (i.e. claimed input materials are not used as catalysts and/or for energy);

A1.1.4 The site is a processor who works on a continuous production basis and cannot do batch level segregation or controlled blending of products;

A1.1.5 Processing steps are limited to chemical recycling (PR0004) and/or PR0024 (pulp making), otherwise approval is required in advance from Textile Exchange;
A1.1.6 The site does not outsource processing activities or act as a subcontractor;

A1.1.7 The primary standard is not one of the following Textile Exchange standards: OCS, RDS, or RAF standards (RWS, RMS, RAS); and,

A1.1.8 Textile Exchange reserves the right to limit access to alternative volume reconciliation based upon a risk assessment.

A1.2 The organization shall be certified using CCS-101-V3.0 Content Claim Standard (“CCS 3.0”), unless the organization was a participant in the Textile Exchange Mass Balance Pilot Project (2021) and the scope certificate is issued in 2021.

A1.2.1 The following criteria of the CCS 3.0 shall not apply: C3 Volume Reconciliation (C3.3-C3.8), D3 Material Handling and Processing (all), and D4 Blending and Mixing (all).

A1.2.2 For pilot project participants using CCS-101-V2.0 Content Claim Standard, criteria B1.2c, B3.2, B3.3a, B3.3b, B4.1a, B4.2, and C4.2c shall not apply.

A2. Alternative Volume Reconciliation Criteria

A2.1 Alternative volume reconciliation accounting shall be done separately at each applicable site.

A2.2 The organization shall define the input and output materials for use in the alternative volume reconciliation accounting.

A2.2.1 The input materials shall include one or more claimed input materials and one or more non-claimed input materials which can be used in variable quantities to produce the same output product.

A2.2.2 If the final output product is composed of two or more distinct components (e.g. a synthetic component and a cellulosic component), claims based on alternative volume reconciliation shall be made at the component level. Claims may be made for more than one component.

A2.3 The organization shall conduct alternative volume reconciliation accounting based on the weight of materials.

A2.4 The organization shall maintain an alternative volume reconciliation accounting record which includes the following:
A2.4.1 Definition of a volume reconciliation period, which shall not be longer than three months;

A2.4.2 Records of credits added, used, expired, and carried over for each volume reconciliation period; and,

A2.4.3 Separate calculations for different input materials (e.g. post-consumer and pre-consumer inputs), if applicable.

A2.5 The organization shall define one or more conversion factors to determine how much output material can be produced from a specific weight of claimed inputs, and to convert credits into weight of output material. Conversion factors may be calculated per input batch or lot received, per volume reconciliation period, or for a longer time period.

A2.5.1 Differences in conversion factors between claimed and non-claimed input materials shall be considered.

A2.6 The organization may add credit to the alternative volume reconciliation accounting record up to the quantity of claimed inputs received after the applicable conversion factors have been applied.

A2.7 A minimum of 5% of the quantity of inputs needed to produce products listed on the scope certificate and their non-claimed equivalent products shall be claimed material inputs, calculated on a 12-month rolling average basis. If this minimum is not met during the defined volume reconciliation period (see A2.4.1), VR2 claimed materials shall not be sold as certified nor have transaction certificates issued for them.

NOTE: Some sites may produce a wide range of products for both the textile sector and other sectors from the same input materials. The intention is that 5% of the inputs for textile products which contain VR2 inputs (both claimed and non-claimed) are claimed material inputs.

A2.8 The organization may carry over credits from one volume reconciliation period to the next up to the total converted quantity of claimed inputs purchased during the previous 12 months.

A2.9 The alternative volume reconciliation accounting record shall not have a negative balance at any time.

A2.10 The organization shall assign credit to outgoing batches or lots of material which will be claimed as VR2 material or included on a transaction certificate, sufficient to represent 100% of the quantity of material in the outgoing batch or lot. Where the claim is made for a component of the outgoing material, credits are only required to be assigned to represent the claimed component.
A2.11 The organization shall maintain records to demonstrate that material is not double claimed (i.e. claimed under the CCS and also under another certification scheme/standard) based on the same claimed material inputs. The organization shall provide volume accounting records for any other applicable certification schemes/standards to the certification body for review as part of the audit.

A3. Supply Chain

A3.1 Certified organizations who receive an input transaction certificate showing VR2 material shall track and claim products following the standard requirements of the CCS. These materials shall be tracked separately from similar materials (e.g. GRS or RCS material which is not VR2 material).

A3.2 Blending and mixing of VR2 and non-VR2 claimed input materials is permitted at sites which are not conducting alternative volume reconciliation, though each material shall be tracked separately for the purpose of transaction certificates and claims.

A3.3 Outgoing transaction certificates shall be issued as specified in B3.

A3.4 Supply chain organizations and their certification bodies should contact Assurance@TextileExchange.org with any questions regarding VR2 material.

A4. Claims

A4.1 No public facing claims about the GRS or RCS may be made in conjunction with products made from VR2 material. Claims which do not reference the RCS or GRS may be made where they are legally allowed.

A4.1.1 Use of the GRS or RCS logos in association with products made from VR2 materials is not allowed.

A4.1.2 Public facing claims about the non-VR2 GRS or RCS material in a product may be made, including logo use. In this case, the VR2 material shall be treated as non-claimed material for the purpose of the public facing claim.

A4.2 Public facing claims that do not reference products may be made by organizations certified under VR2. Claims are limited to the statement below and may include the relevant logo, subject to conformity with the TE-301 Standards Claims Policy and the TE-302 Standards Logo Use Specifications.

A4.2.1 [We are/Organization Name is] certified to the [RCS/GRS] under [site-level mass balance/alternative volume reconciliation]. Materials with
this designation (VR2) do not qualify for product labeling with reference to the standard.

**Additional allowed statement** *(may only be used alongside the above)*: [%/All] of our [material] is sourced from (independently) certified [recycled material input] to the [RCS/GRS].

Note: Textile Exchange will create an info sheet to explain VR2 and may be linked here.

A4.3 Pilot project participants may reference participation in a pilot project in general marketing claims, without the use of logos. All such claims shall be approved in advance by Textile Exchange.

### Section B - Certification Body Requirements

**B1. Certification Body Eligibility**

**B1.1** In order to evaluate alternative volume reconciliation, the certification body shall hold accreditation to the Content Claim Standard and shall also hold accreditation to at least one recognized standard (e.g. FSC, RSPO, ISCC) including a scope for mass balance/volume credit certification.

**B1.2** The certification body shall obtain approval from Textile Exchange prior to conducting audits using alternative volume reconciliation.

**B1.3** The certification body shall notify and receive approval from Textile Exchange for all companies that apply for alternative volume reconciliation ahead of scheduling the audit.

**B1.4** Prior to issuing any scope or transaction certificates which include raw materials identified as “VR2”, the certification body shall review the training provided by Textile Exchange and shall confirm to Textile Exchange that this has occurred.

**B2. Auditing Requirements**

**B2.1** Auditing shall be conducted based on the CCS 3.0 and applicable supplementary requirements, except as allowed by A1.2.

**B2.2** The certification body shall audit each site which is applying alternative volume reconciliation on-site annually. Auditing on a sampling basis is not allowed.
B3. Scope and Transaction Certificates

B3.1 Raw material codes identified as “VR2” shall be used for all raw materials which have used alternative volume reconciliation at one or more sites in the supply chain, see ASR-213 Materials, Processes, & Products Classification.

B3.2 For sites applying alternative volume reconciliation, transaction certificates may be issued for VR2 material which is shipped and sold on or after the date when the scope certificate is issued.