



# Governance and Membership Policy

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## Introduction

The Impact Alliance is a voluntary collaboration between sustainability initiatives sharing similar goals to provide oversight of and support in the development, maintenance, promotion and claiming of Impact Incentives and Impact Partnerships.

The purpose of this policy is to outline the Impact Alliance's governance structure and mechanisms and can be made available to interested parties upon request.

This policy is subject to regular review and revision in accordance with the Policy Review section below.

## How to Use this Document

The following terms are used throughout the document to indicate requirements, recommendations, permissions, and possibilities or capabilities:

- “shall” indicates a requirement
- “should” indicates a recommendation
- “may” indicates a permission
- “can” indicates a possibility or a capability
- “may not” indicates a prohibited action

The abbreviation “e.g.” is used to indicate an example, while the abbreviation “i.e.” is used to provide clarification of meaning.

## Terms and Definitions

Refer to Impact Alliance *Terms and Definitions* for a complete list of Impact Alliance terminology.

## Document Revision History

*Governance and Membership Policy v0.1*, released January 2022

## Section A - Impact Alliance Structure and Governance

### A1. Guiding Principles

The Impact Alliance operates under the following guiding principles:

**Vision:** Wide-scale adoption of producer-level sustainability practices that are valued by the market.

**Mission:** To use Impact Incentives as a mechanism to deliver value for sustainability efforts to both ends of the supply chain.

**Values:** Collaboration, Integrity, Transparency.

### A2. Founding Members

The following nonprofit organizations are the active founding members of the Impact Alliance:

| Founding Member      | Commodities   |
|----------------------|---|
| Textile Exchange     | Cotton, Leather, Wool, Cashmere, other textile fibers |
| Global Food Partners | Cage-free eggs  |

### A3. Fiscal Sponsorship

Textile Exchange, a global nonprofit organization, serves as fiscal sponsor of the Impact Alliance.

Oversight of all Impact Alliance activities is delegated by the sponsor’s board to the Impact Alliance Governance Committee but is ultimately the fiduciary responsibility of the sponsor.

### A4. Impact Alliance Governance Committee

- A4.1** Governance of the Alliance is provided through a designated Governance Committee consisting of the active founding members.
- A4.2** Each active founding member has one vote. The Director of the Governance Committee does not have voting rights.
- A4.3** The Governance Committee meets at minimum quarterly. At least one meeting per year should be in person and be designated as the Annual General Meeting.

- A4.4** During the quarterly meetings the fiscal sponsor shall provide an oversight of the financial situation of the Impact Alliance.
- A4.5** Decision making on the Governance Committee shall be done through a majority vote. In case of a tie, the board of the fiscal sponsor has the deciding vote.
- A4.6** On occasions, a non-founding member may be considered for inclusion in the Governance Committee for a period of two years, subject to unanimous approval of the Governance committee. To qualify, a member must have been an active member of the Impact Alliance for a minimum of two years.

## A5. Member Advisory Committee

- A5.1** The Member Advisory Committee consists of all active non-founding members of the Impact Alliance.
- A5.2** Each active non-founding member of the Impact Alliance may designate one individual to serve on the Member Advisory Committee, subject to the approval of the Governance Committee.
- A5.3** The purpose of the Member Advisory Committee is to provide the opportunity for all members to share their data, strategies, challenges, and recommendations for growth and management of the Impact Alliance within the general governance structure of the Impact Alliance. Recommendations by the Advisory Committee are subject to a majority vote of the Governance Committee to become effective.
- A5.4** The Member Advisory Committee shall meet with the Governance Committee at least quarterly.

## A6. Impact Alliance Sub-Committees

- A6.1** The Governance Committee may assign temporary or permanent sub-committees for the technical oversight of a specific subject matter.
- A6.2** The sub-committees may consist of representatives of the founding members, non-founding members, and/or other stakeholder groups.
- A6.3** The composition, responsibilities and authority of a sub-committee shall be defined by the Governance Committee on a case-by-case basis and documented in a Sub-Committee Outline document.

*Examples of possible sub-committees:*

Claims Committee, Scope Committee, Policy Committee

*Guidance:*

<https://www.isealalliance.org/get-involved/resources/our-technical-committee>

## Section B - Policies and Procedures

### B1. Impact Alliance Policies

- B1.1** All policies and procedures shall be consistent with the mission, vision, and values of the Impact Alliance.
- B1.2** The Governance Committee has oversight and final approval authority of all existing and new policies and procedures relating to the Impact Alliance, Impact Incentives, and Impact Partnerships. New or revised policies require unanimous approval.
- B1.3** During the development or review of Impact Alliance policies, the Governance Committee should proactively consult with relevant stakeholders.
- B1.4** The Governance Committee may grant derogations to specific elements of a policy. Any exception shall be justified, documented, and requires unanimous approval by the Governance Committee.
- B1.5** All policies shall be reviewed on a regular basis to assess whether a revision is necessary. The first review after a new policy has been developed shall take place within two years of initial approval. Subsequent reviews shall take place at least every four years.

### B2. Impact Alliance Members' Policies

- B2.1** All Impact Alliance members' policies and procedures shall be consistent with the mission, vision, and values of the Impact Alliance and meet or exceed the requirements set forth in corresponding Impact Alliance policies.
- B2.2** All Impact Alliance members' policies pertaining to Impact Incentives shall be approved by the Governance Committee upon development and revision.

- B2.3** Impact Alliance members may grant derogations from their policies. Any derogation shall follow a documented review and approval procedure. If the derogation constitutes also an exception to applicable Impact Alliance policies, it requires unanimous, documented approval by the Impact Alliance Governance Committee before being granted.
- B2.4** Each Impact Alliance member shall have a process in place for regular review and revision of their policies. This process may include the requirement for stakeholder engagement.

## Section C - Impact Alliance Membership

### C1. Member Responsibilities

Members have the following responsibilities:

- C1.1** Demonstrate commitment to the mission, vision and values of the Impact Alliance and its members.
- C1.2** Sign and follow the *Impact Alliance Code of Conduct*.
- C1.3** Engage only with facilitators approved by the Impact Alliance Governance Committee.
- C1.4** Demonstrate continuous compliance with all Impact Alliance policies and procedures.
- C1.5** Starting in year two of the membership, pay the annual Impact Alliance membership fee of USD 7,500.

### C2. Impact Alliance Member Benefits

In addition to revenues generated through the sale of Impact Incentives, membership in the Impact Alliance has the following benefits:

- C2.1** Recognition and credibility.
- C2.2** Shared knowledge development capacity among membership.
- C2.3** Use of the Impact Alliance logo and marketing tools for the member's particular commodity.
- C2.4** Use of Impact Incentives registry.
- C2.5** Inclusion of the member's commodities in relevant Impact Alliance marketing efforts.
- C2.6** Participation in aggregated reporting of data and impacts.

**C2.7** Assistance in developing Impact Incentives programs, policies, and procedures.

**C2.8** Use of Impact Alliance template agreements with service providers.

**C2.9** Ability to propose new scopes.

### C3. Member Changes

**C3.1** Any member organization undergoing significant changes, including but not limited to ownership, mission, and scope of work, shall communicate these changes to the Governance Committee.

**C3.2** The Governance Committee will review the changes and decide if they have an impact on the membership status. The decision shall be unanimous. If the organization is part of the Governance Committee, they shall abstain from voting.

### C4. New Members

**C4.1** The Impact Alliance welcomes new members. New member organizations are, by preference, nonprofit organizations engaged in global sustainability initiatives and contribute their specific knowledge (e.g. a commodity, an activity domain, etc.) to further the mission of the Impact Alliance.

**C4.2** In order to apply for membership, the interested organization shall:

**C4.2.1** Demonstrate commitment to the mission, vision and values of the Impact Alliance and its members.

**C4.2.2** Agree to comply with the Impact Alliances policies and procedures by signing the *Impact Alliance Code of Conduct*.

**C4.2.3** Demonstrate that their sustainability standards or programs meet the minimum criteria defined in the *Scopes Policy* as applicable.

**C4.2.4** Demonstrate their ability and capacity to develop their Impact Incentives program to launch pilot project within one year of joining the Impact Alliance.

**C4.2.5** Pay a USD 2,500 non-refundable application fee at time of application.

**C4.3** Membership applications require unanimous approval by the Impact Alliance Governance Committee.

**C4.4** Once approval has been given by the Governance Committee, to become an active member of the Impact Alliance, the organization shall:

- C4.4.1** Enter into standard service agreements with the Impact Incentives registry provider and facilitator(s) and pay the agreed service fees.
- C4.4.2** Make a one-time, non-refundable payment of USD 22,500.
- C4.4.3** With support from the Impact Alliance, develop their Impact Alliance program, policies, and procedures, within one year of joining.

## C5. Application Process for New Members

- C5.1** Organizations who wish to join the Impact Alliance may apply for membership by contacting the Governance Committee at [governance@impactincentives.org](mailto:governance@impactincentives.org).
- C5.2** The applicant will be asked to provide, among other things, their contact information, mission statement, type of commodity, an explanation of why they seek Impact Alliance membership, and a description of the potential impact created by their involvement in the Impact Alliance.
- C5.3** All new member applications will be reviewed based on several factors including but not limited to how well the new organization's mission and vision complement the existing priorities and framework of the Impact Alliance. The Governance Committee will consider avoiding overlaps or competition among Impact Alliance members.

## C6. Removal of Member Organizations

- C6.1** Any member organization may be removed from the Impact Alliance. Reasons for removal can include a failure to abide by the rules, policies, and procedures of the Alliance.
- C6.2** The Member Advisory Board may submit recommendations to the Governance Committee for removal of a particular member. Likewise, the Governance Committee may consider removal of a member organization on its own accord.
- C6.3** If a member organization is recommended for removal, the member organization will be notified by the Director of the Governance Committee and given a chance to address any defects or deficiencies. If corrective action is not possible or worthwhile, a member organization may be removed by a unanimous vote of the Governance Committee. If the organization is part of the Governance Committee, they shall abstain from voting.
- C6.4** Once the Governance Committee has voted to remove a member organization, that organization will be notified as soon as possible and will be prohibited from claiming continued involvement in the Impact Alliance and from operating its Impact Incentives/Impact Partnership programs. Any membership dues paid by the member organization will not be refunded.



## Section D - Complaints

Complaints about the application of this or any Impact Alliance policy should be submitted in writing to the Impact Alliance Governance Committee at [governance@impactincentives.org](mailto:governance@impactincentives.org).

### **Disclaimer**

Although reasonable care was taken in the preparation of this document, Impact Alliance/Textile Exchange and any other party involved in the creation of the document HEREBY STATE that the document is provided without warranty, either expressed or implied, of accuracy or fitness for purpose, AND HEREBY DISCLAIM any liability, direct or indirect, for damages or loss relating to the use of this document. Membership in the Impact Alliance is voluntary.

### **Legal Compliance**

Impact Alliance/Textile Exchange expects all members to always comply with all applicable local, national, and international laws and regulations. This policy may be more or less strict, or equivalent to applicable laws. Where applicable laws and/or regulations are stricter, the law will take precedence. Where this policy is stricter, the criteria of the policy will take precedence. The intent is that where laws and the policy overlap, the strictest takes precedence. Each member is expected to ensure their own compliance with applicable laws. If there is concern that an Impact Alliance/Textile Exchange policy or procedure conflicts with an applicable law, the member or any other concerned party should contact Impact Alliance.

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Any questions relating to this notice can be directed to: [governance@impactincentives.org](mailto:governance@impactincentives.org)