

# Challenges Terms of Reference

## About the Textile Exchange Fiber Challenges

### **Textile Exchange Background Information**

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.

Our goal is to help the industry to achieve a 45% reduction in the greenhouse gas (GHG) emissions that come from producing fibres and raw materials by 2030. This is known as Tier 4 of the supply chain, and it accounts for 24% of the industry's GHG impacts related to the supply chain.

For real change to happen, everyone needs a clear path to positive impact. That's why we believe that approachable, step-by-step instruction paired with collective action can catalyse change, mobilizing leaders through attainable strategies, proven solutions, and a driven community. Our Fibre Challenges deliver to our strategy by catalysing transformative change that will result in a more sustainable and responsible textile industry, by driving an increase in the adoption of preferred fibres and materials.

### **The 2025 Sustainable Cotton Challenge**

The 2025 Sustainable Cotton Challenge (2025 SCC) serves as a cornerstone for change in the apparel and textile industry by encouraging brands and retailers to commit to source 100% of their cotton from the most sustainable sources by the year 2025.

The Challenge was formed in 2017 when His Royal Highness, The Prince of Wales, convened a group of CEOs through the work of his International Sustainability Unit (ISU) that existed to address critical challenges facing the world. Those original 13 CEOs committed to working together to accelerate the use of preferred cotton, which paved the way for other industry leaders to follow – resulting in 82 companies now committed to sourcing 100% more sustainable cotton by 2025.

By committing to using cotton from these initiatives and standards, the brands are ensuring that the intentions of their sustainable sourcing strategies are maintained and the integrity of their commitments uncompromised.

### **The Recycled Polyester (rPET) Challenge**

Textile Exchange and the United Nations Framework Convention on Climate Change's Fashion Industry Charter for Climate Action (UNFCCC) have launched a joint initiative to further spur a shift in the market towards the uptake of recycled polyester (rPET) and the associated reduction in greenhouse gases (GHGs).

The 2025 Recycled Polyester (rPET) Challenge serves as an important catalyst for change in the apparel and textile industry. **We are challenging the apparel industry to commit to bringing the percentage of recycled polyester up from 14% to 45% at 17.1 million tons by 2025.** The Challenge follows the success of Textile Exchange's 2020 Recycled Polyester Commitment.

Though we encourage textile brands and suppliers to commit to the most ambitious uptake target possible, it is essential that each participant reaches 80-100% volume share of recycled polyester by 2025. In doing so, the challenge will achieve its 45% recycled polyester target across the global textile industry by 2025, building to a critical mass of 90% recycled polyester volume share by 2030.

## What are signatories required to do?

Becoming a signatory to one or both Challenges will require annual reporting of polyester and/or cotton consumption to Textile Exchange's [Corporate Fiber and Materials Benchmark \(CFMB\) Program](#), which tracks

progress across all participants towards the collective goal. All signatories of the 2025 rPET Challenge and/or 2025 SCC need to log in on the [CFMB portal](#), a secure platform for all benchmark survey and commitments reporting that falls under the CFMB Program.

When completing the CFMB Material Change Index survey, signatories have the option to participate in the full benchmark (learn more about the [Material Change Index](#)), but the minimum requirement is to report polyester and/or cotton volumes using the progress tracker - which means completing the “targets” and “uptake” sections for the polyester and/or cotton module.

All information that is input into Textile Exchange’s CFMB survey is entirely anonymous and aggregated across all annual report participants to show progress. Company information will never be singled out and published without a company’s explicit request or consent. The CFMB has a [Terms of Use](#) that govern the use of the benchmark platform (Probench). In addition, the CFMB Data Privacy Policy outlines how information is collected from participants and the use, consent, access, and security of participants' information provided through the NDA (Non-Disclosure Agreement).

The CFMB reporting cycle is open annually, June – September, all data must be submitted during this time. We thank you in advance for your timely completion, this will help keep us on track the progress. Please note that Textile Exchange can remove brands, suppliers, and manufacturers that do not report into the CFMB from the signatories list. Removal from the signatories list will limit those your organization’s ability to sign up and / or participate in future fiber challenges.

Make sure to refer to the [CFMB Suite of Guides](#), which includes great videos, tutorials, and other helpful info. Should you have any questions specific to the CFMB, please feel free to reach out to the team at [cmb@textileexchange.org](mailto:cmb@textileexchange.org).

## Terms of Reference

### Fibre Challenge Agreement

The undersigned has read and understands the Fibre Challenges Terms of Reference and agrees to the Signatory Requirements therein:

- Report organizational annual progress on the challenge(s) into the [Corporate Fiber and Materials Benchmark](#) (CFMB) survey. All brands, suppliers and manufacturers will be required to report preferred and conventional volume data. Capacity data is not sufficient as it compromises Textile Exchange’s methodology.
- Attend all onboarding calls, webinars and/ or related activities. If you are unable to attend pre-scheduled onboarding workshops or webinars, recordings of these sessions will be shared. But, please note that signatories will have to register for the webinars and workshops to gain access to recordings.
- Commit and report at the either the holding company level or subsidiary level. Companies will need to report within CFMB across all subsidiaries if signing up at the holding company level. Subsidiary signatories be required to report at individual subsidiary level within CFMB.
- Signatories who signed on after the CFMB reporting cycle is closed are allowed a one-year/ cycle reporting grace period.
- Please note that all volumes of materials reported into the CFMB Materials Balance Sheet should to be second or third party verified. Whilst both are accepted, third party verification is recommended.
- Be verified to Textile Exchange standards at the fiber level where applicable (rPET).
- Respect [Textile Exchange values](#) (integrity, respect, inclusive community, learning, and collaboration) in all activities associated with the Fibre Challenge(s).

Non-mandatory but highly encouraged:

- [Become a Textile Exchange member](#) .
- [Familiarize yourself with the Textile Exchange Climate+ Strategy](#)

## Annex

### Definition of Various Levels of Reporting

Holding Company - Holding: A corporate parent company which owns and controls all or a large stock of subsidiary companies (UN)

Subsidiary - Subsidiary: A Company whose stock is more than 50 percent owned by a holding company (UN).

Independent - A corporate parent which owns and controls all or a large part of the capital stock of subsidiary companies (UN).

More information on CFMB definitions can be found in the [MCI Survey Guide](#) on pages 19 - 20.

### What is Sustainable Cotton?

Today, 22% of the world's cotton is more sustainable. By 2025, it is the vision of the 2025 Sustainable Cotton Challenge (2025 SCC) that more than 50 percent of the world's cotton is converted to more sustainable growing methods. One of the key focuses going forward will be to drive continuous improvement across the initiatives with a focus on best practices for soils. Implementing regenerative practices, which puts carbon back into the soil, is a key investment farmers can make to mitigate and reduce the climate crisis.

Brands and retailers joining the Sustainable Cotton Challenge and committing to source more sustainable cotton can choose from Textile Exchange's list of recognized organic and sustainable cotton initiatives. These initiatives include:

- ABRAPA
- BASF e3
- Better Cotton Initiative (BCI)
- Cotton made in Africa (CmiA)
- Fairtrade
- Fairtrade Organic
- Field to Market
- ISCC
- myBMP (Australia)
- Organic Cotton
- Recycled Cotton
- REEL Cotton
- Regenerative Cotton
- In-conversion Organic (aka Transitional) Cotton
- United States Cotton Trust Protocol

