



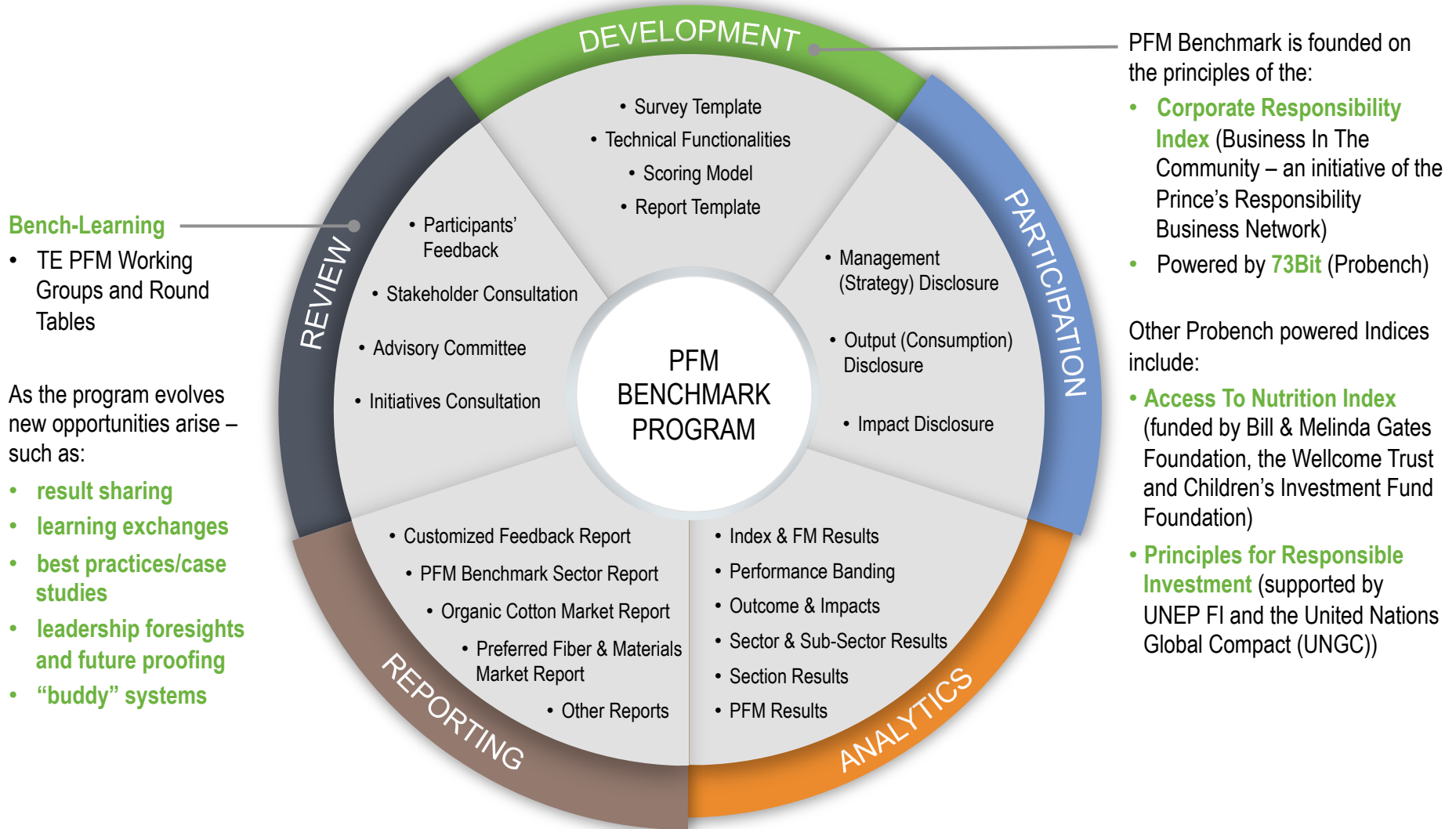
# PFM BENCHMARK PROGRAM

## WEBINAR #4

### WHAT YOU SAID – INSIGHTS INTO THE STAKEHOLDER CONSULTATION



# PFM BENCHMARK DEVELOPMENT CYCLE



# CONTINUOUS IMPROVEMENTS






## ★ Annual Review – Continuous Improvement

- We annually review our PFM benchmarking program in order to **continuously improve** it and **adjust it to the needs** of the participants (and other stakeholders).
- This annual review includes **an internal review by TE** and a consultation **survey with all participants** of the last benchmarking program.
- This year we are convening an external, independent **Advisory Committee** to help further develop the scoring model and methodology.

## ★ Strategic Review – where next?

- We are now needing to further invest in our PFM benchmarking program in order to **strategically position** the PFM index – to be done in collaboration with the TE PFM team, TE members and other key stakeholders.
- An important component of this review will be the **business model and ROI**. Part of this will be an analysis of business models of other indices and benchmarks (e.g. DJSI, CDP).
- Further topics to be address will be strategic alignment and **interfaces leading to harmonization**.
- Last but not least we want to explore **strategic partnerships** that may take the PFM Index further and wider.

# PFM BENCHMARK REVIEW FOR 2017

- ★ No major changes to the survey structure
- ★ Incorporation of circularity and SDG questions in Section 1: Corporate Strategy
- ★ Update on preferred MM Cellulosics portfolio to include:
  -  Lyocell
  -  Modal
- ★ New modules under consideration (to be confirmed):
  -  REEL Cotton
  -  Recycled Cotton
  -  Sustainably Sourced Viscose/Rayon
- ★ Review of the scoring model
- ★ Inclusion of waste calculator in bulk fiber consumption
- ★ Incorporation of additional LCA for calculation and reporting of impacts
- ★ Public release of Top 10 or Top 20 Index Participants (under review)

# HELP US IMPROVE

We invited all participants and interested stakeholders to take part in improving the PFM Benchmark Program. The four key areas we identified for this review process were:

## 1. Use

We would like to know which components of the program are most important for you and should guide the further development of the PFM Benchmark Program.

## 2. Materiality

We would like to know what data is the most important to you and should be prioritized in the PFM Benchmark.

## 3. Scoring

We would like to know which scoring focus and Index design you prefer.

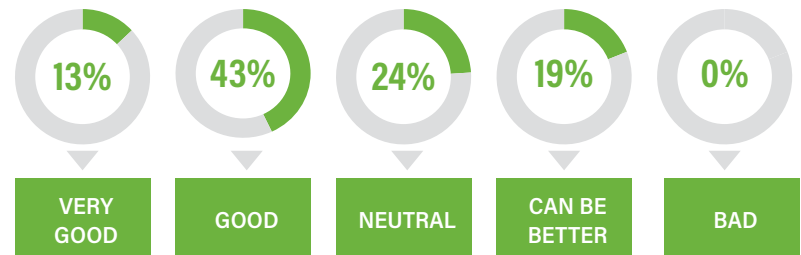
## 4. Communication

We would like to know how you think the results and the Index should be communicated.

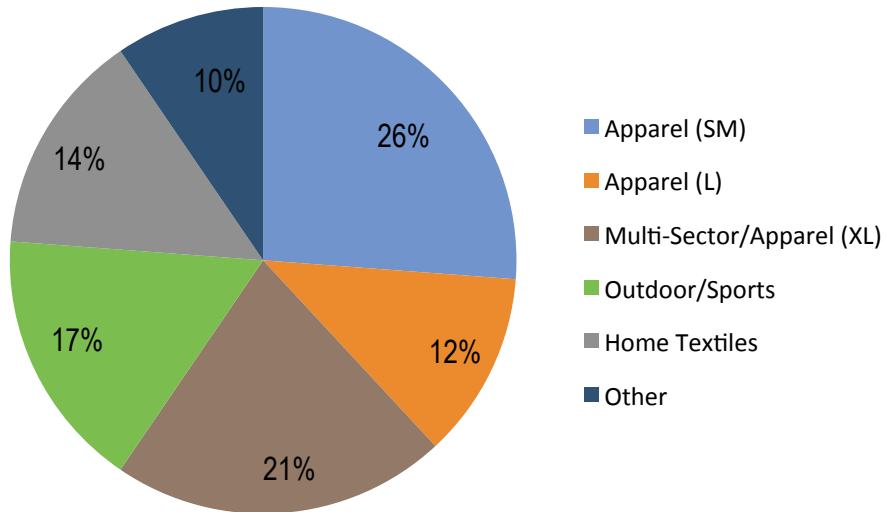
### Improvements Made in 2016

Self Assessment	Sign off by the “lead survey practitioner” was introduced.
Scope & Coverage	A “percentage of business coverage” was incorporated into relevant questions.
A Portfolio Approach	The survey was modularized to allow participants to respond based on their specific portfolio of preferred fibers and materials.
Conversion Calculations	A tool was provided for companies to use so that they could manage their own wastage/conversion calculations.
Calculating Blended Products	The consumption question was adapted to allow participants to input their own percentage averages.
Weighting & Scoring	A weighting and scoring system was incorporated which allows TE to provide quantified results and more effective benchmarking.
Company Ranking	A ranking system was introduced which is presented in performance bands. Overall ranking is provided as well as rankings across the 4 sections.
Reporting	Responses indicated a preference for sector level reporting rather than visibility of individual companies. TE to carry out further stakeholder consultation on this subject in 2017.

### 2016 PFM Benchmark Participant Rating



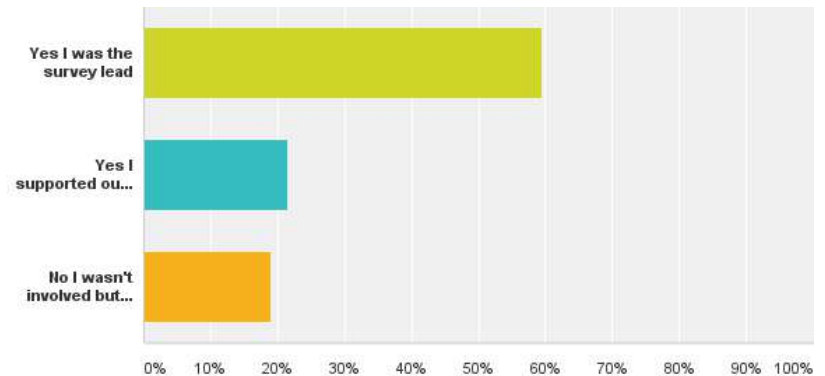
# RESPONSE PROFILE



## BREAKDOWN OF PARTICIPATION

- The consultation survey targeted the 71 participants in the 2016 Benchmark.
- Overall response: 42 completed surveys
- Response rate: 38 (54%) of 71 2016 participants
- Most respondents (60%) were survey leads
- Sub-Sector representation: Between 50-69% of participants. With Multi-Sector/Apparel (XL) being the best represented.
- Other: 4 (10%) of responses were from non-participants/other stakeholders

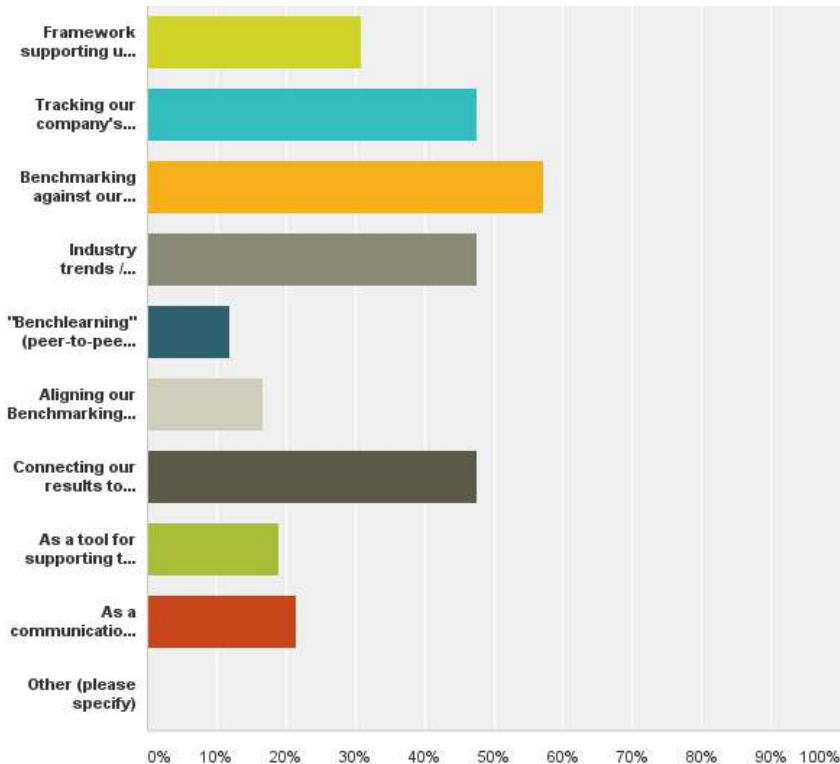
SUB-SECTOR	RESPONSES	% OF OVERALL RESPONSE	% OF SUB-SECTOR PARTICIPANTS
Apparel (SM)	11	26%	58%
Apparel (L)	5	12%	50%
Multi-Sector/Apparel (XL)	9	21%	69%
Outdoor/Sports	7	17%	50%
Home Textiles	6	14%	55%
Other	4	10%	na
<b>TOTAL</b>	<b>42</b>		



# WHAT YOU GET MOST OUT OF THE PROGRAM

We wanted to know which components of the PFM Benchmark program are most important for you and should guide further development.

**Q:** What should be the most important contribution of the PFM Benchmark to your (preferred) fiber and materials strategy / management?



(100% response rate)

## DISCUSSION

The results show that the PFM Benchmark can contribute to the fiber and materials strategy in various ways.

The most important contributions as expressed by the participants are:

Number 1

- Benchmarking against our peers

Number 2

- Tracking our company's progress year-on-year
- Receiving Industry trends / reports
- Connecting our results to sustainability impacts

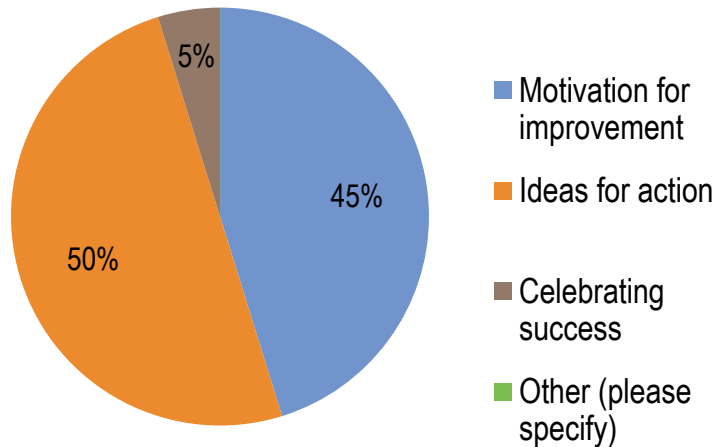
Number 3

- Framework supporting us to address the right issues

# HOW THE PROGRAM SUPPORTS YOUR COMPANY

We wanted to know how the PFM Benchmark program best supports your company's work in improving the sustainability of fiber and materials.

**Q:** How should the PFM Benchmark Program best support your team and other colleagues?  
[select one]



## DISCUSSION

The results show that most participants want:

- Ideas for action (50%)
- Motivation for improvement (45%)

It was a close call and participants were only allowed to select one option. Clearly both motivation and ideas for action are popular requirements from the program.

*“In addition to motivation for improvement, I would say that celebrating success is also very important to us. Its exciting to see the impacts of our work.”*

*“We would use the data on our competitors to motivate our teams to do better”*

*“Our stakeholders and partners are please when we are lauded against our peers for best practices, and this in turn is a great tool for our consumer-facing messaging.”*



# COMMUNICATING OUR RESULTS

We wanted to know the ways you were most likely to communicate your PFM Benchmark results.

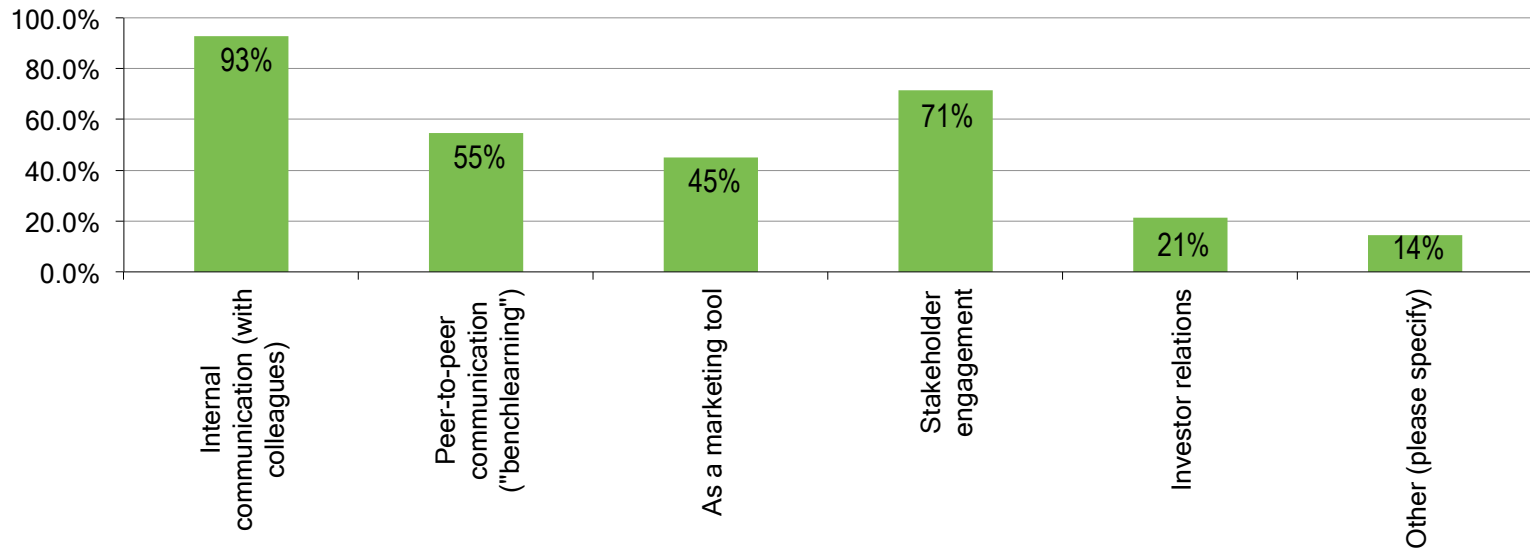
**Q:** In what ways are you most likely to communicate your PFM Benchmark results? [select three]

*“As a brand it is used as an additional piece of information to communicate internally. As a retailer it may help us drive performance improvement with our wholesale brand partners..”*

## DISCUSSION

Most of you say that your results are mainly for internal communication.

Further back came the use of your results as a stakeholder relations tool, peer-to-peer communication, and use as a marketing tool.

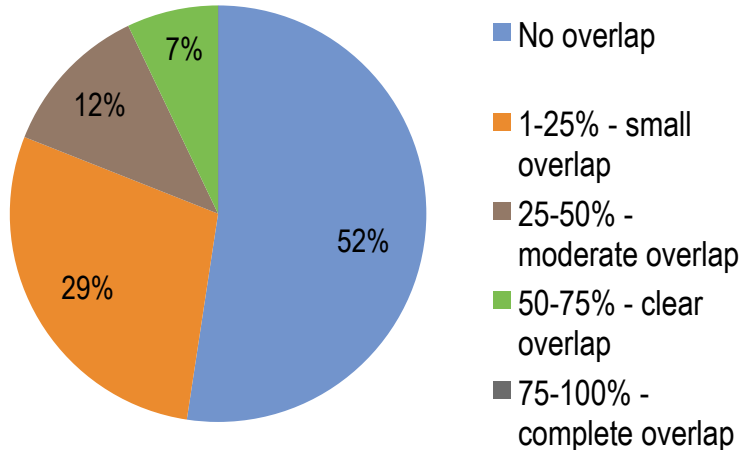


(100% response rate)

# OVERLAP WITH OTHER PROGRAMS

We wanted to know if you saw overlap of the PFM Benchmark program with other offerings.

**Q:** Do you feel that the PFM Benchmark Program has a large overlap with any other benchmarking programs / surveys? [select one]



## DISCUSSION

Most of you said there is no overlap (52%) or only a small overlap (28%) with other programs.

Where you did see overlap you told us it was with:

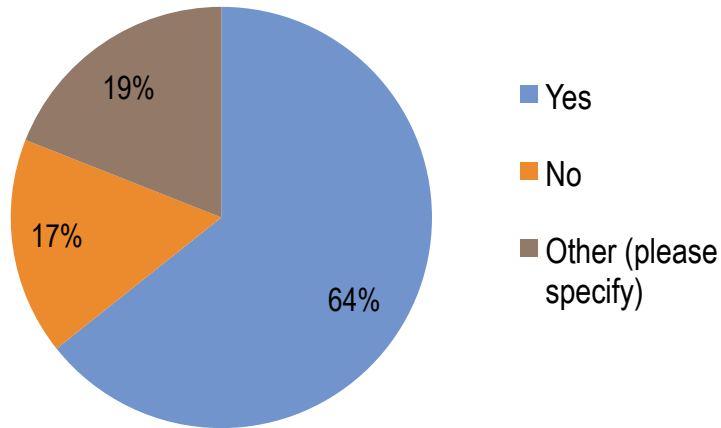
- SAC – Higg Index
- Made-By's Fiber Benchmark and MODEtracker
- Country-level programs e.g. German Textile Alliance, SCAP (UK)
- Dow Jones Sustainability Index (DJSI)
- BCI ranking

*"The Textile Alliance of the German government is starting to ask for reporting and Information that are at some points similar to the PFM Benchmark Program. It would be great if both could be "aligned" in terms of Units. ."*

# YOU WANT TO TALK ABOUT CIRCULAR ECONOMY

We asked you if you wanted to see textile circularity included in the PFM Benchmark.

**Q:** Should we incorporate new questions on circular economy? [select one]



## DISCUSSION

- The majority of you (64%) want us to add a question on textile circularity.
- Others we less sure that this could be done and felt it was too early in the development of the topic to be asked about it.

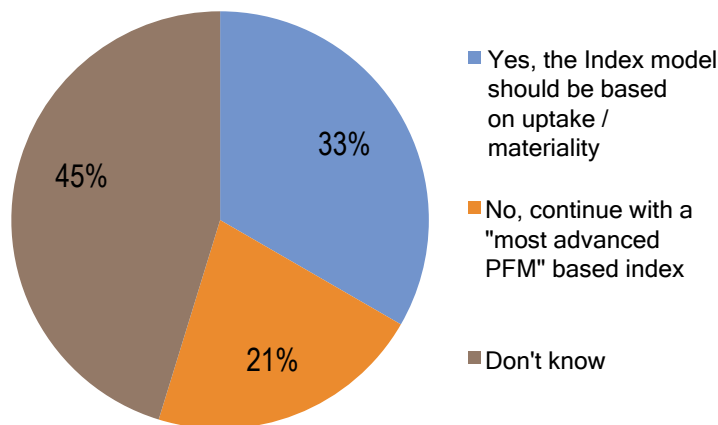
*“Yes! recyclability/ end of life options of fibres/materials should also be included.”*

*“Difficult as the frames are not set yet. How can waste material be credible? Purity and composition of textiles, should that be considered for easier sorting...? Legal obstacles in certain markets might hinder recycling etc.”*

# AN INDEX BASED ON MATERIALITY

We asked you if you wanted to be evaluated on the fibers most “material” to your business e.g. highest use, highest risk (the materiality to be judged by you). Currently we take the top 3 performing modules to make up your Index result. But it’s early days and we want to know your preference.

**Q:** 3 a) The PFM Index is currently based on a company's top 3 scoring PFM modules. Top performing modules may not correspond with a company's highest PFM uptake and/or risk/materiality. Do you feel that this materiality should be a required component of the index? [select one]



## DISCUSSION

- Many of you (33%) are in favor of a materiality based index.
- Yet a large number (21%) of you are quite happy with the current methodology.
- But most of you (45%) are unsure about this or don't fully understand the scoring methodology.

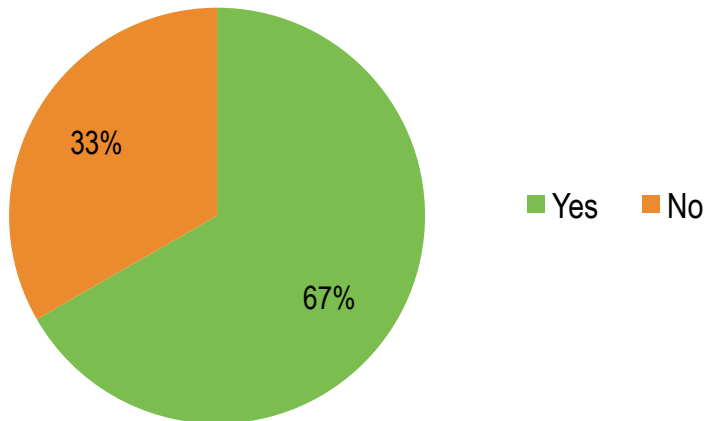
*"I'm of two minds with this one, as on the one hand it affords the recognition of brands that are making an efforts in their relevant PFM modules, and that it important. However it precludes the situations in which a company's highest PFM materiality would not be measured in this survey - and would certainly skew the outcome [and leaders] of the report."*

*"If I understand correctly - that means the highest volume fibres a company uses? if yes, then YES!"*

# SECTORAL CATEGORIES

We wanted to know if you thought the “sub-sector” categories made sense to you – and whether you were in the right one!

**Q:** Do you feel that the sub-sector categories work for you (and you are compared with your relevant peers)? [select one]



## DISCUSSION

- Most (67%) participants think the sub-sector categories work for them or were prepared to compromise on an imperfect fit.
- However, from the comments provided it was clear that many were confused by this question and many said they didn't understand what we were asking.
- Some of you offered additional sub-sectors.

*“Too many sub-sector categories”*

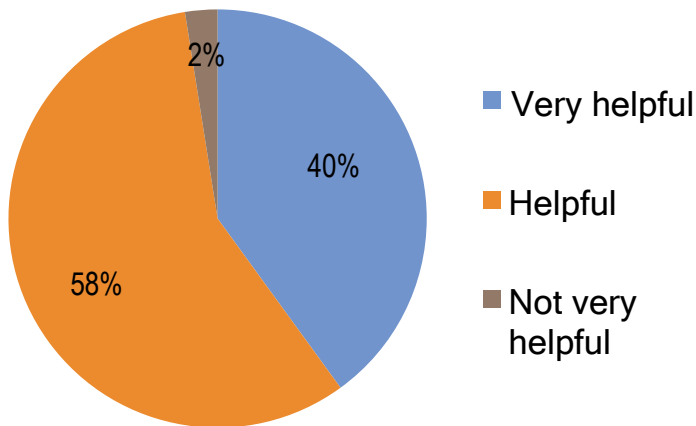
*“There should be a differentiation between big apparel retailers and food retailers also selling textiles.”*

*“The challenge is that the “sample size” so far is very small so drawing “industry” trend indication is limited. Especially in the small sub-categories.”*

# CONFIDENTIAL FEEDBACK REPORTS

We want to make sure the feedback reports are as useful as they possibly can be. There's a lot of information packed in so we want to hear how we can improve.

**Q:** Are the confidential Company Feedback Reports received by participants helpful?  
[select one]



(70% response rate)

## DISCUSSION

- Almost all of you think the feedback is helpful (57%) or even very helpful (41%).
- It was clear from your comments that you need something more condensed/topline for a quick read and for more general sharing with your busy colleagues and execs.

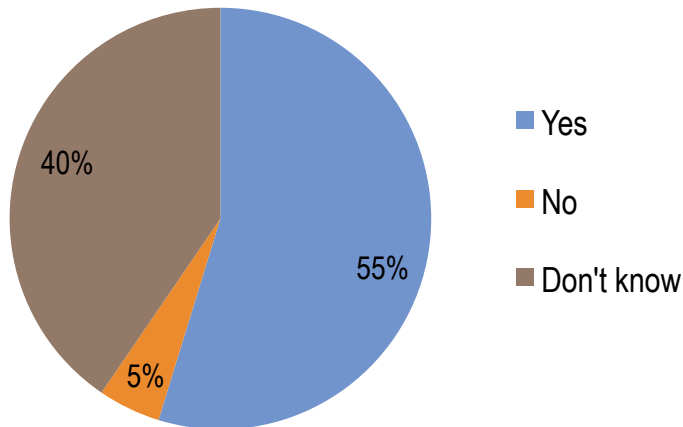
*“They are useful ... but we suggest to have the executive summary very concise in “achievements, lagging, and recommended focus”. This should be easily readable to senior level management to inform strategy and direction with goals..”*

*“It's a lot of information and not the easiest to digest quickly, you really have to sit down with the reports and it's hard to find time to do that!”*

# FIBER/MATERIAL (FM) ANALYSIS

This year we provided two levels of results. The first being the “Index Result” (level 1): your score for Corporate Strategy plus the average of your top 3 performing PFM modules. The second level “FM Results” scales your results to your entire fiber portfolio, includes all completed PFM modules, and applied a “sustainability weighting” to each PFM. It’s this second level we ask you about here.

**Q:** Alongside index results, we currently provide the “FM Analysis” as a confidential view of your entire PFM portfolio performance to help you shape your mix and uptake of PFMs. Do you see value in this result? [select one]



## DISCUSSION

- The majority (55%) of you see value in this result.
- But also a large proportion (41%) do not seem to know or found it difficult to understand/interpret the result.
- Comments referred again to the sheer amount of information presented.

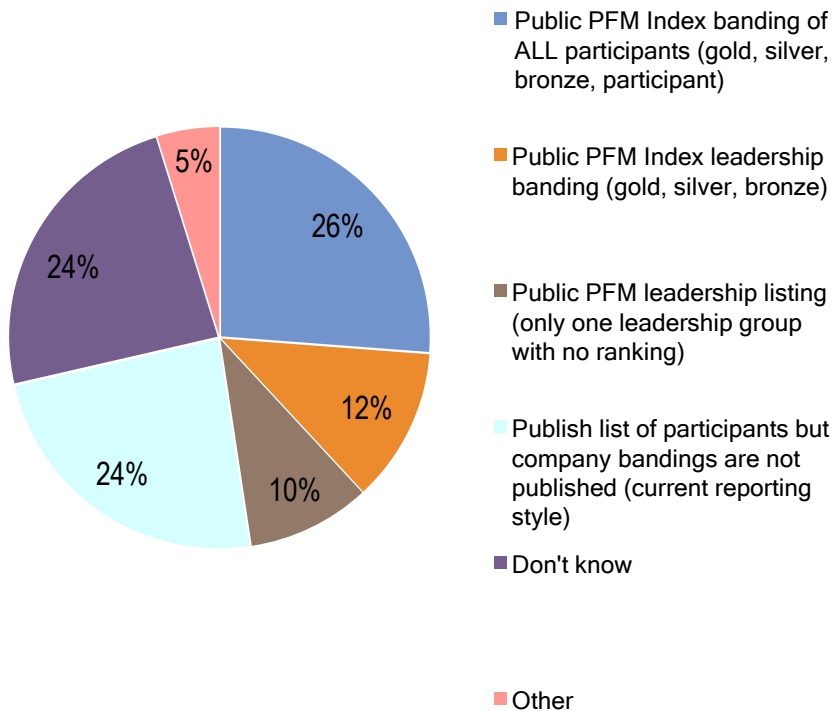
*“I’m having a hard time understanding this result..”*

*“Also somewhat difficult to read and understand, it’s a lot of information to get through!..”*

# WHERE NEXT WITH PUBLIC REPORTING

Finally, we wanted to know how best to present the results in the public domain. We asked you if you thought the current approach was sufficient or whether you wanted to see more of an index publicly shared – with performance bandings and leaderboards or similar.

## Q: Should we develop the Index further into a public PFM Leaderboard?



## DISCUSSION

- Almost half (47%) of you want to see some sort of leaderboard.
- The highest vote (26%) was for a “Public PFM Index banding of ALL participants (gold, silver, bronze, participant)”.
- 24% wanted things to stay the same – an alphabetical listing of participating companies and 24% didn’t know.

*“I feel it is important to not use this as a marketing tool, but rather an avenue to improvement.”*

*“We think it's important to keep scores confidential in order to promote industry cooperation around and commitment to best practices.”*

*“Full transparency would be ideal from an industry perspective but not sure if individual brands will all agree.”*



# SUMMARY OF RESULTS

TOPIC	SUGGESTED IMPROVEMENT
Main Purpose	Peer-to-Peer benchmarking - focus more on impacts going forward
Internal Use	Provide motivation + new ideas
Communicating Results	Focus on internal communication
Overlap	Some overlap - align with others
Circular Economy	Add new questions on textile circularity
Materiality	Further conversations required
Confidential Feedback Reports	Continue but make it even more helpful - provide executive summary
FM analysis	Continue but make it easier to understand
Public index	Further conversations required

# PARTING COMMENTS

From Us: The TE team would like to thank all companies that participated in the consultation process. We are very grateful for your feedback and support and believe that, as a result of your valuable input, we are in a great position to construct for you a much improved and enhanced survey experience, as well as add value to our reporting and benchmarking.

From You:

*"It's great already; easy to understand questions"*

*"The survey itself was very easy to use - I was grateful that your report aligned with our internal fiber reporting calendar."*

*"Applaud you and your team for these efforts. These certainly help the industry move forward in a positive manner."*

*"It's great to see that things are going from strength to strength."*

# THANK YOU



Please visit our website: [TextileExchange.org](http://TextileExchange.org)  
[aboutorganiccotton.org](http://aboutorganiccotton.org)