



# PFM BENCHMARK PROGRAM

## WEBINAR #3:

### INTRODUCING TE'S PFM BENCHMARK RESULTS



# PFM BENCHMARK PROGRAM

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# THE PFM BENCHMARK PROGRAM

The PFM Benchmark Program helps companies systematically measure, manage and integrate a preferred fiber and materials strategy into mainstream business operations.

The problem we address: You know your operations are 10% better than last year. Great if everyone else is only 5% better. But what if they are 20% better? That's benchmarking.

# HOW THE PFM BENCHMARK FITS WITH YOUR NEEDS

1

## Supports a Company's Transition to a Raw Material Supply based on Preferred Fiber and Materials.

- Knowing where raw materials come from - impacts and dependencies on nature and other capital - is key to assessing supply risks and opportunities.
- Science-based data (such as LCA) is proving that some of the biggest sustainability impacts and “hotspots” of textile production occur at the growing and mining of raw materials.

2

## Demonstrates a Commitment to Measuring Progress, Transparency and Disclosure.

- There is increasing pressure from stakeholders for businesses to set sustainability targets to measure both management and progress, and for this information to be in the public domain.
- Companies, the industry at large, investors, analysts and other stakeholders are seeking reliable ways to credibly and consistently account for and communicate sustainability.

3

## Links the Textile Industry to the Sustainable Development Goals.

- The SDGs are universal (for both developed and developing countries), holistic (people-centered and planet-sensitive), and measurable (to drive action and track progress).
- Companies are starting to adopt the framework of the SDGs to plan a long-term approach to sustainability. The UN Global Compact asks signatories for updates on their approach to the SDGs.

# WHAT ARE “PREFERRED” FIBERS & MATERIALS

TE describes “Preferred” as:

**A fiber, material or product that is ecologically and socially progressive: One that has been selected because it has more sustainable properties in comparison to other options.**

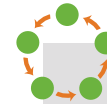
What makes a fiber/material preferred?



A recognized industry standard in place that confirms its status as preferred.



Sustainability criteria developed through a formalized multi-stakeholder process.



Objectively tested or verified as having superior sustainability attributes, such as through a peer-reviewed Life Cycle Assessment (LCA).

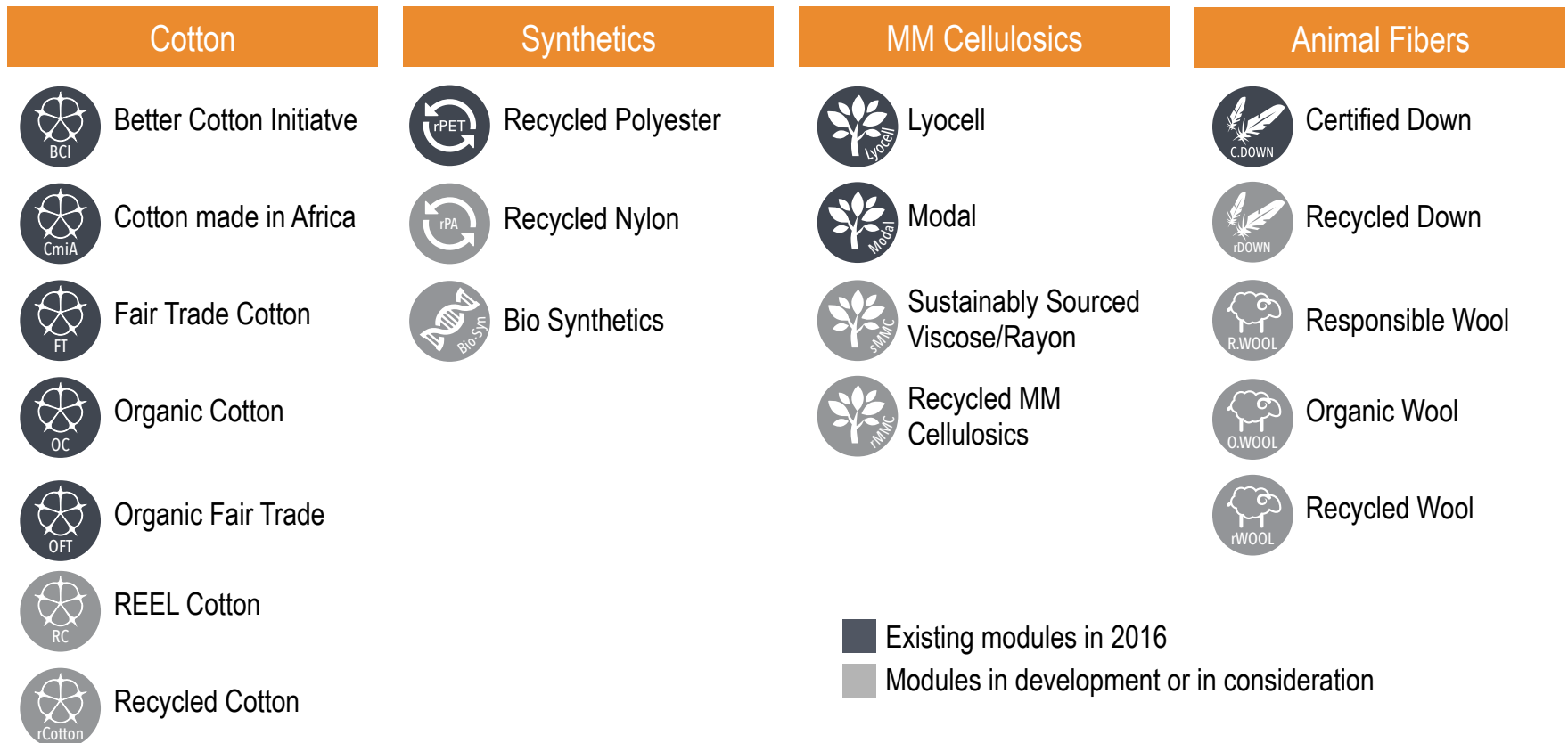
The goal:

**PFMs are produced to a globally accepted standard, with strict criteria that qualifies the product as preferred, and can be traced through the supply chain.**











# HOW TO BUILD A PFM PORTFOLIO

A Portfolio Approach:

the process of building a suite of preferred fibers and materials (PFM), from a choice of preferred options, through the consideration of impacts and organizational priorities.



# WHAT THE PFM BENCHMARK IS AND IS NOT

-  A framework to help companies **systematically measure, manage and integrate a preferred fiber and materials strategy** into mainstream business operations.
-  A tool to help **identify the strengths and the gaps** where future progress can be made.
-  A **self-assessment** process - TE carries out desk-based reviews.
-  A **customized Company Feedback Report**, allowing you to confidentially benchmark your performance both internally and against industry peers.
-  An **annual event which means a consistent basis for measurement** and a commitment from us to support your year-on-year performance improvement review.
-  A framework to **review all fiber and materials** used by a company or all activities in a supply chain.
-  An in-depth tool for **evaluating the preferred (sustainability) status of a fiber/material**.
-  A **third party audit** of a company's activities.
-  A **public ranking** of company performance.
-  A **one-off survey for TE's reporting purposes** alone.



# BEHIND THE SCENES OF THE PFM BENCHMARK PROGRAM

In 2015, Textile Exchange (TE) launched the Preferred Fiber & Materials (PFM) Benchmark Program for measuring how companies systematically integrate a preferred fiber and materials strategy into mainstream business operations.



# PROGRAM DEVELOPMENT MILESTONES



## Began Organic Cotton Market Data Collection & Reporting

TE began annual data collection on production and consumption of organic cotton. The Organic Cotton Market Report (OCMR) covered consumption data in context of market analytics and trends, challenges, opportunities, and recommendations for the Industry.



## Expanded remit to cover “Preferred” Fiber & Materials (PFM)

In line with TE’s wider remit (i.e. expanding on organic cotton to incorporate a portfolio approach to PFMs) TE broadened the survey to capture data on recycled polyester (later introducing lyocell and certified down). TE launched its first Preferred Fiber & Materials Market Report (PFMR).



## Produced the first PFM Index

TE enhanced the Probench user experience and user value by introducing PFM modules (8 in total). This “modularization” allowed participants to select their own PFM portfolio (and filter out the rest). In addition, a weighting and scoring system was introduced. These 2 key functionalities enabled the introduction of an Industry “Index”.

2005 ---- 2006 ---- 2007 ---- 2008 ---- 2009 ---- 2010 ---- 2011 ---- 2012 ---- 2013 ---- 2014 ---- 2015 ---- 2016



## Built A Data Entry Platform

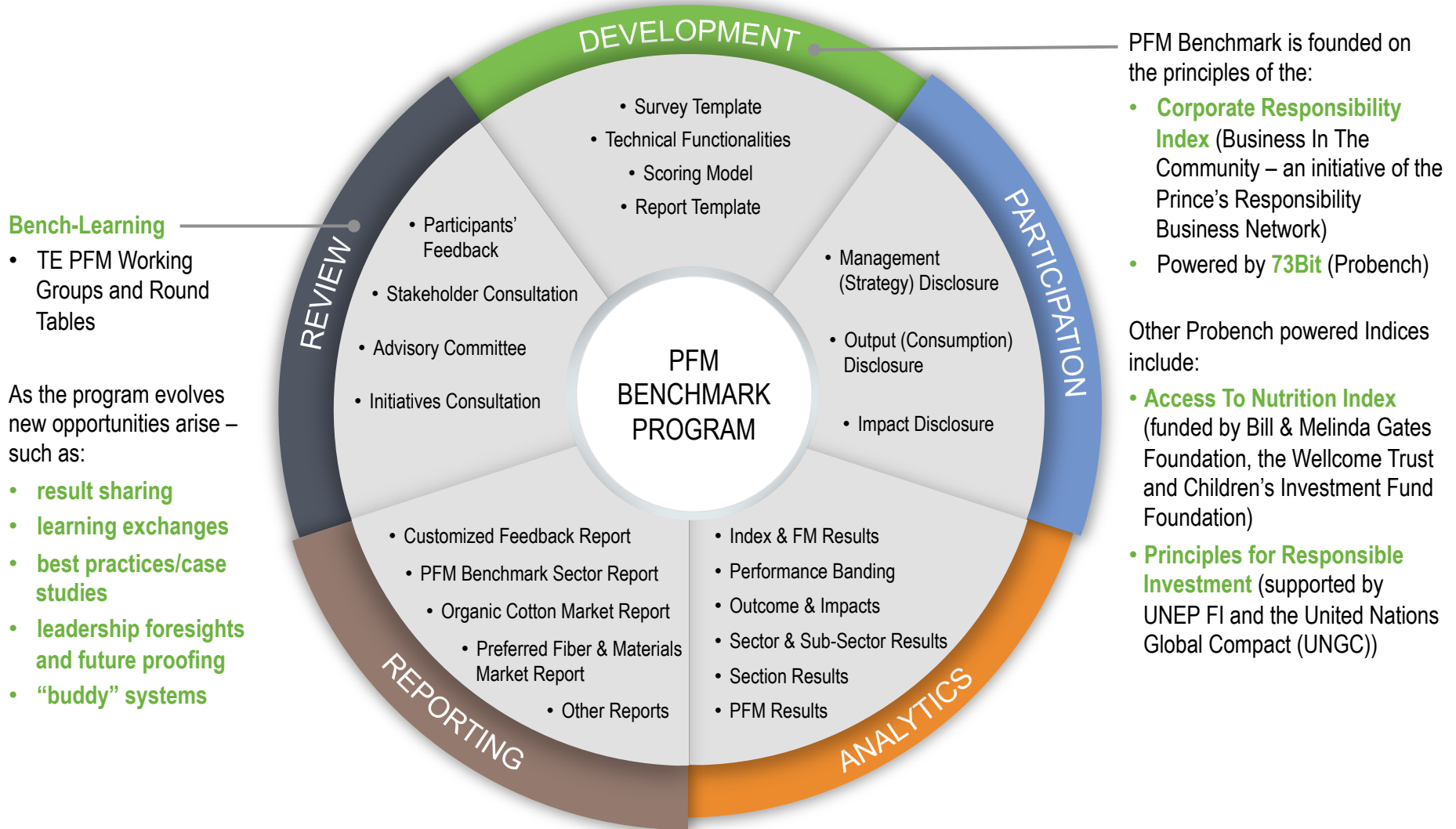
TE began collaboration with bit73 and transitioned manual data collection methodology to online platform – Probench. Data collection initially remained focused on organic cotton but incorporated a number of questions around strategy, standards use and labeling.



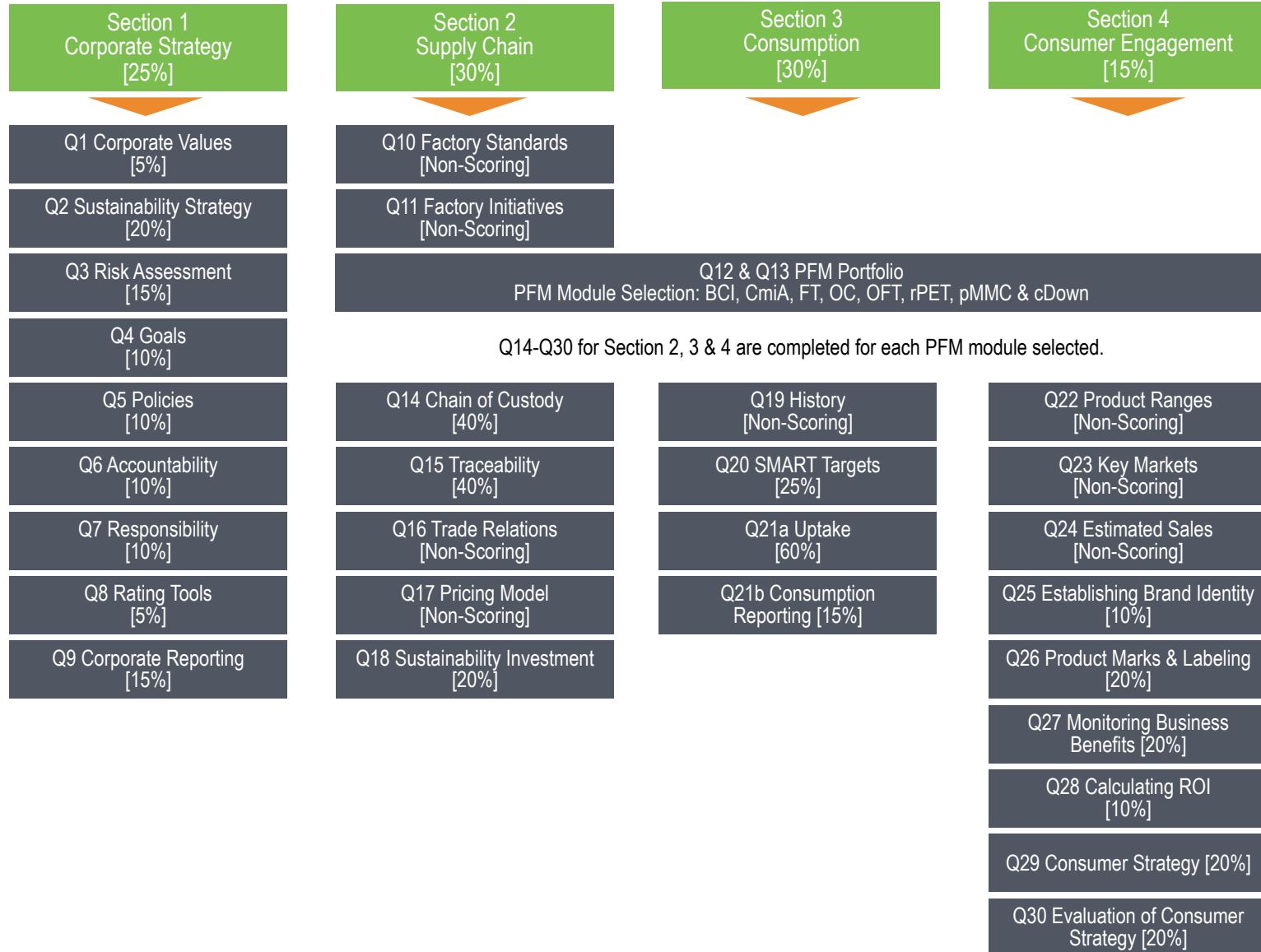
## Launched the PFM Benchmark Program – Pilot

With the generous support of Tchibo and the C&A Foundation, and input from stakeholders, TE created the PFM Benchmark Program - building on the existing survey to create a more holistic framework to help companies systematically measure, manage and integrate a preferred fiber and materials strategy into mainstream business operations.

# PFM BENCHMARK DEVELOPMENT CYCLE



# PFM INDEX FRAMEWORK



# SURVEY SUPPORT: SURVEY SUMMARY

Quick overview of what each question is about.

1. CORPORATE STRATEGY		2. SUPPLY CHAIN		3. CONSUMPTION		
<b>Corporate Values</b>	<b>1. Corporate Values</b> <ul style="list-style-type: none"> <li>Sustainability incorporated into overall vision and mission</li> </ul>	<b>Supply Chain Part A: Processing</b>		<b>History</b>	<b>19. History</b> <ul style="list-style-type: none"> <li>Number of years sourcing the PFM</li> </ul>	
<b>Sustainability Strategy</b>	<b>2. Sustainability Strategy</b> <ul style="list-style-type: none"> <li>Sustainability strategy includes fibers/materials</li> </ul>	<b>Processing Standards &amp; Initiatives</b>	<b>10. Factory Standards</b> <ul style="list-style-type: none"> <li>Adoption of sustainability standards in factories</li> </ul>	<b>Targets</b>	<b>20. SMART Targets</b> <ul style="list-style-type: none"> <li>Targets set for PFM consumption</li> </ul>	
	<b>3. Risk Assessment</b> <ul style="list-style-type: none"> <li>Business risk/opportunity assessment covers fibers/materials</li> </ul>		<b>11. Factory Initiatives</b> <ul style="list-style-type: none"> <li>Supply chain codes of conduct and initiatives</li> </ul>	<b>Fiber &amp; Materials Portfolio</b>	<b>Volume</b>	<b>21. Uptake and Consumption Reporting</b> <ul style="list-style-type: none"> <li>Estimate of bulk fiber/materials consumed</li> <li>Conversion of conventional to preferred</li> </ul>
	<b>4. Goals</b> <ul style="list-style-type: none"> <li>Long-term sustainability goals for fibers/materials</li> </ul>	<b>12. Fiber and Materials Profile</b> <ul style="list-style-type: none"> <li>Breakdown of fiber/materials usage</li> </ul>	<b>4. CUSTOMER ENGAGEMENT</b>			
	<b>5. Policies</b> <ul style="list-style-type: none"> <li>Natural Capital, Social Capital and Animal Welfare</li> </ul>	<b>13. PFM Module Selection</b> <ul style="list-style-type: none"> <li>Cotton: BCI, CmiA, Fairtrade, Organic, Organic-Fairtrade</li> <li>Other fibers and materials: Certified Down, Pref. MM Cellulosics, rPET</li> <li>Self-select: e.g. Rec. Cotton, Rec. Nylon, Organic Linen, Bio-based</li> </ul>	<b>Market Presence</b>		<b>22. Product Ranges</b> <ul style="list-style-type: none"> <li>Product ranges containing a PFM</li> </ul>	
<b>Integration</b>	<b>6. Accountability</b> <ul style="list-style-type: none"> <li>Accountability held at senior level</li> </ul>	<b>Supply Chain Part B: Product Integrity</b>		<b>Product Differentiation</b>	<b>23. Key Markets</b>	
	<b>7. Responsibility</b> <ul style="list-style-type: none"> <li>Responsibility integrated through the company</li> <li>KPIs integrated through the company</li> <li>Incentives integrated through the company</li> <li>Mechanisms in place to ensure integration</li> </ul>	<b>Chain of Custody</b>	<b>14. Chain of Custody</b> <ul style="list-style-type: none"> <li>Use of chain of custody standard or initiative guideline</li> </ul>		<b>24. Estimated Sales</b> <ul style="list-style-type: none"> <li>Sales turnover and growth forecasts</li> </ul>	
<b>Tools</b>	<b>8. Rating Tool</b> <ul style="list-style-type: none"> <li>Sustainability of fiber/materials objectively evaluated</li> <li>Rating tool influencing sourcing decisions</li> </ul>		<b>Traceability</b>	<b>15. Traceability</b> <ul style="list-style-type: none"> <li>Keeping track of PFM through a traceability system</li> </ul>	<b>Corporate Returns</b>	<b>25. Establishing Brand Identity</b> <ul style="list-style-type: none"> <li>Core or complementary</li> </ul>
		<b>16. Trade Relations</b> <ul style="list-style-type: none"> <li>Deepening sustainability impact through supplier relations</li> </ul>		<b>26. Product Marks and Labeling</b> <ul style="list-style-type: none"> <li>On-product labeling and off-product messaging</li> </ul>		
<b>Reporting</b>	<b>9. Corporate Reporting</b> <ul style="list-style-type: none"> <li>Fiber/materials sustainability activities, progress against KPIs</li> <li>Report independently verified</li> </ul>	<b>Investment</b>	<b>17. Pricing Model</b> <ul style="list-style-type: none"> <li>Pricing that captures sustainability benefits</li> </ul>	<b>Engagement Strategy</b>	<b>27. Monitoring Business Benefits</b> <ul style="list-style-type: none"> <li>Analyzing returns on investment</li> </ul>	
			<b>18. Sustainability Investment</b> <ul style="list-style-type: none"> <li>Investing in supply chain and evaluating impact</li> </ul>		<b>28. Calculating Return On Investment</b> <ul style="list-style-type: none"> <li>Calculating financial ROI and ROI in sustainability</li> </ul>	
					<b>29. Customer Engagement</b> <ul style="list-style-type: none"> <li>Education/awareness raising strategy in place</li> </ul>	
					<b>30. Evaluation of Customer Engagement</b> <ul style="list-style-type: none"> <li>Monitoring &amp; Evaluation of activities and impact</li> </ul>	



# SCORING MODEL & METHODOLOGY

In 2016, TE released the first fully weighted and scored PFM Index – and this is how it works.

# QUESTION COMPOSITION

## Business Coverage

What proportion of your business is on covered by a management or performance activity?

14.1 Please indicate the percentage of business (by turnover or volume) covered by the third party standard

	0%	1-25%	26-50%	51-75%	76-99%	100%
Organic Content Standard (OCS)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Global Organic Textile Standard (GOTS)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Scope

What issues, topics, or actions are covered by a management or performance activity?

27.1.1 What financial or non-financial benefits has your company identified?

- Financial: Increased sales of our products containing organic cotton
- Financial: Less discounting required for end-of-line products containing organic cotton
- Financial: Halo effect - Increased sales of other preferred products due to the promotion of products containing organic cotton
- Non-Financial: Positive brand reputation
- Non-Financial: Increased positive product or brand reviews (e.g. social or traditional media)
- Non-Financial: Brand protection through regulatory compliance
- Other

## Disclosure

Just doing it is not enough nowadays – public disclosure is the expectation. Often best practice is third party assurance or verification.

2.4 Is your company's sustainability strategy publicly available?

- No
- Yes

Please provide weblink:

[http://www.sharsdontbite.org/sustainability\\_strategy](http://www.sharsdontbite.org/sustainability_strategy)

# SCORING MODEL

## Basic components of our scoring model:

**Question Scores:** Achieved based on response entered for each question. Each question carries a question weight.

**Section Scores:** Accumulation of question scores in a section. There are four sections and each section carries a section weight.

**PFM Module Scores:** Accumulation of section scores in a module. There are eight scoring modules to select from and each module carries a sustainability weight

**PFM Uptake:** Breakdown of the PFM portfolio (conventional vis-à-vis preferred) and covers the cotton, synthetics, MMC and Down. Where uptake is not provided, a sub-sector average is used as a proxy. Based on the portfolio breakdown, a portfolio score is also given.

**FM Usage:** Overall share of cotton, synthetics, MMC and animal fiber used

### Company's Estimated FM Usage

Overall FM Portfolio		Cotton	Synthetics	MMC	Animal Fiber	Other
Company's Reported Portfolio	FM usage	50%	30%	10%	5%	5%

### PFM Module Weight

Cotton Portfolio	Conventional	BCI	CmiA	FT	OC	OFT
PFM Weight	Sustainability weight	0.60	0.70	0.80	0.90	1.00
MMC Portfolio	Viscose/Rayon	Lyocell	Modal	Other		
PFM Weight		1.00	0.80			
Synthetics Portfolio	Conventional	Recycled	Biobased	Other		
PFM Weight		1.00				
Down Portfolio	Conventional	Responsible	Traceable	Other		
PFM Weight		1.00	1.00			

### Company's Estimated PFM Uptake

Cotton Portfolio	Conventional	BCI	CmiA	FT	OC	OFT
Company's Cotton Usage	20%				PFM uptake (portfolio level)	50%
Synthetics Portfolio	Conventional	Recycled	Biobased	Other		
Company's Synthetic Usage	60%	40%				
MMC Portfolio	Viscose/Rayon	Lyocell	Modal	Other		
Company's MMC Usage	50%	50%				
Down Portfolio	Conventional	Responsible	Traceable	Other		
Company's Down Usage		100%				

### Company's Score

Section 1: Corporate Strategy	25%	63
Q1 Corporate Values	5%	80
Q2 Sustainability Strategy	20%	65
Q3 Risk Assessment	15%	0
Q4 Goals	10%	100
Q5 Policies	10%	70
Q6 Accountability	10%	80
Q7 Responsibility	10%	70
Q8 Rating Tools	5%	0
Q9 Corporate Reporting	15%	90

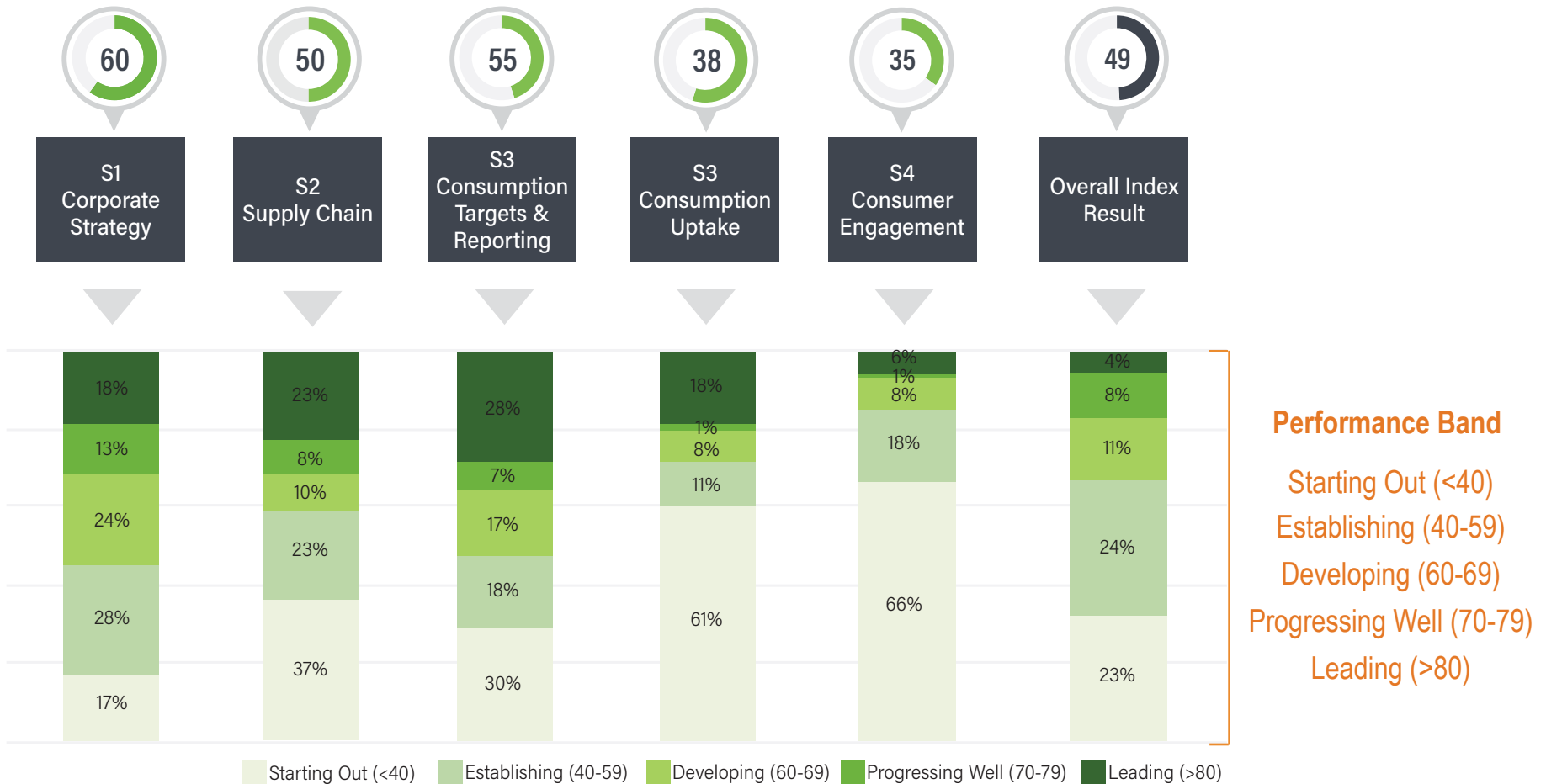
### Company's Top 3 PFM Modules

PFM Modules Selected	Section weight	OC	OFT	rPET	pMMC	cDown	Section score
Section 2: Supply Chain	30%	82	90	88	52	66	Section score
Q14 Chain of Custody	40%	100	100	90	80	100	
Q15 Traceability	40%	100	100	100	50	60	
Q18 Sustainability Investment	20%	10	50	60	0	10	Question score
Section 3: Consumption	30%	68	55	57	47	88	
Q20 SMART Targets	25%	80	75	60	50	50	
Q21a Uptake	60%	55	35	45	55	100	PFM uptake (PFM level)
Q21b Consumption Reporting	15%	100	100	100	10	100	
Section 4: Consumer Engagement	15%	47	81	55	86	44	
Q25 Establishing Brand Identity	10%	80	80	80	50	40	
Q26 Product Marks & Labeling	20%	60	80	75	100	60	
Q27 Monitoring Business Benefits	20%	10	100	50	100	50	
Q28 Calculating ROI	10%	50	0	50	50	0	
Q29 Customer Strategy	20%	88	100	80	100	40	
Q30 Evaluation of Customer Strategy	20%	10	85	5	80	50	
<b>Module Scores</b>		<b>60</b>	<b>65</b>	<b>61</b>	<b>48</b>	<b>59</b>	<b>Module score</b>

	Index Result	FM Results
Section 1: Corporate Strategy (25%)	63	63
Section 2: Supply Chain (30%)	87	48
Section 3: Consumption - Targets & Reporting (12%)	82	19 Section 1 +
Section 3: Consumption - Uptake (18%)	45	60 All modules scores +
Section 4: Consumer Engagement (15%)	61	36 PFM uptake (portfolio level) +
<b>Total</b>	<b>75</b> Section 1 + Top 3 module score	<b>48</b> PFM module weight + FM usage

# PERFORMANCE BANDING

Section, PFM and Sub-Sector Results are banded to better understand the spread of performance.



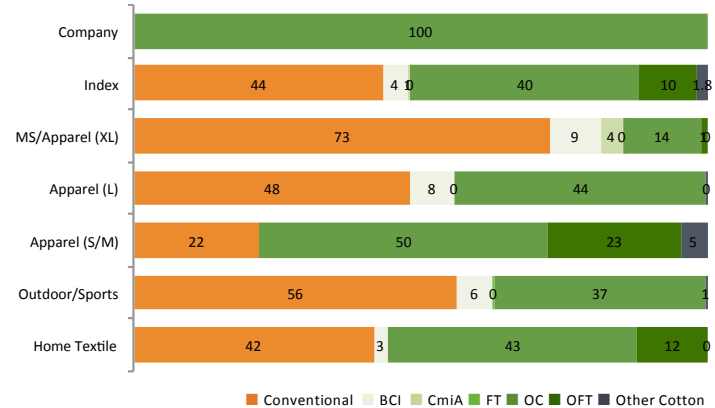


# WHAT WE ANALYZE

## PFM Portfolio

We analyze the portfolio and uptake for each PFM and across all PFM for each sub-sector.

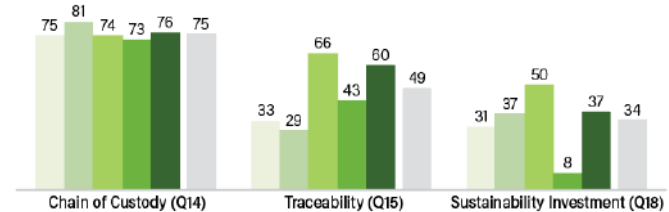
+ Cotton Portfolio: Company, Sub-Sector and Index Estimated Averages



## Question Scores

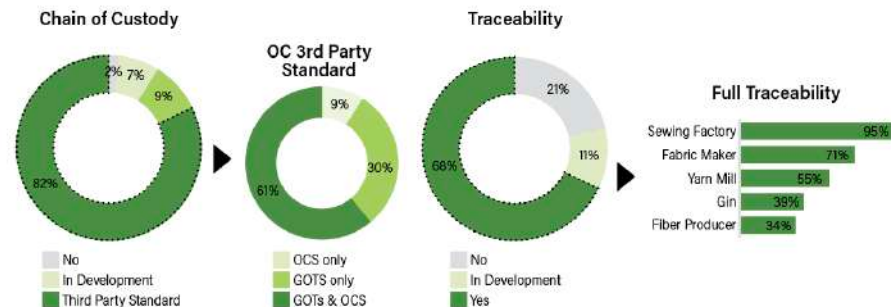
We look at the company's score benchmarked against the sub-sector and sector average.

S2 Supply Chain



## Participant's Response

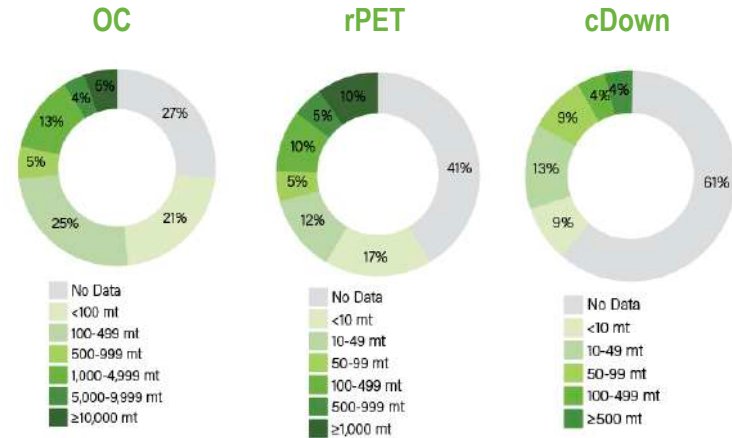
We take a deep dive on participant's response for selected questions.



# WHAT WE ANALYZE

## Consumption Trends

We look at actual consumption spread across all the PFMs.



## Performance Across PFMs

We compare performance across the suite of PFMs.



### Module Scoreboard

#### Section & Question Breakdown

	BCI	CmiA	FT	OC	OFT	rPET	pMMC	cDown
S2 Supply Chain	48	40	34	56	71	33	42	42
Q14 Chain of Custody	64	52	50	75	85	35	51	45
Q15 Traceability	37	33	34	49	73	39	37	50
Q18	39	32	1	34	40	16	32	18
S3 Consumption: Targets & Reporting	52	37	28	64	72	40	42	45
Q20 SMART Targets	48	35	25	58	70	29	31	49
Q21b Consumption Reporting	59	40	33	73	75	59	61	39
S3 Consumption: Uptake	12	8	2	43	35	27	37	37
S4 Consumer Engagement	14	30	24	42	42	27	36	20
Q25 Establishing Brand Identity	57	50	51	76	86	61	61	62
Q26 Product Marks & Labeling	8	44	40	52	54	33	42	25
Q27 Monitoring Business Benefits	14	22	18	34	13	15	29	9
Q28 Calculating ROI	5	0	0	16	13	5	11	0
Q29 Consumer Strategy	12	39	35	56	67	42	53	24
Q30 Evaluation of Consumer Strategy	2	20	2	22	24	8	19	8

Starting Out (<40) | Establishing (40-59) | Developing (60-69) | Progressing Well (70-79) | Leading (>80)



# HIGHLIGHTS OF THE 2016 TE PFM BENCHMARK

Overall, 89 companies participated in the 2016 PFM Benchmark Survey. Excluding partial submissions and shadow benchmark participants, 71 companies submitted complete entries and their responses form the basis of this report. Of these 71 companies, 60% are Textile Exchange members.

The Index score in 2016 was 49 out of 100, indicating that, on average, the sector is at the “establishing” stage of integrating preferred fiber and materials into business strategy.

# 2016 PARTICIPANTS PROFILE

## Sub-Sector Profile



### Multi-Sector/ Apparel (Extra Large)

Extra large apparel and multi-sector brands and retailers. Submissions from holding companies are also included in this sub-sector.

Fashion, family, baby, basics, intimates, work wear (uniforms) and home textiles.



### Apparel (Large)

Large and mid-size brands and retailers of predominantly apparel.

Designer, luxury, fashion, family, baby, basics and intimates.



### Apparel (Small/Medium)

Small to mid-size apparel brands and retailers. Also includes submissions based on "product line" (even if the company size would place them in Large or Extra Large).

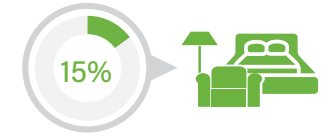
Designer, fashion, family, baby, basics, intimates, and work wear (uniforms).



### Outdoor/Sports

Brands and retailers, all sizes, of outdoor and sportswear.

Mountain, active and performance sports, yoga, lifestyle, and footwear.

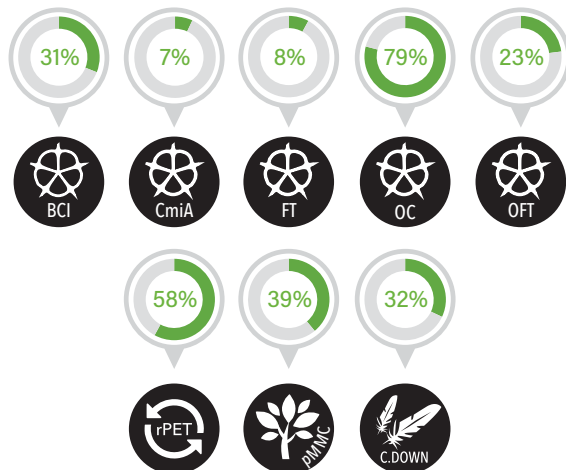


### Home Textiles

Brands and retailers, all sizes, of exclusively or predominantly home textiles. Catering and hospitality companies are also included in this sub-sector.

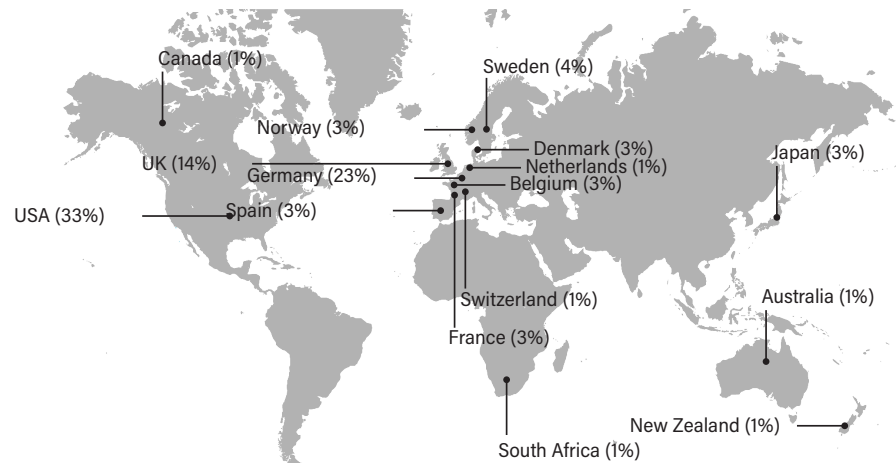
Dining (table cloths, napkins), bed and bath, and indoor or outdoor soft furnishings.

## Module Profile



Starting Out (<40)    Establishing (40-59)    Developing (60-69)    Progressing Well (70-79)    Leading (>80)

## Country Profile



# INDEX SECTION RESULTS



## Overall PFM Index Result

A score of 49 indicates that, on average, the textile sector is at the “establishing” stage of integrating preferred fiber and materials into business strategy. However, averages hide the front runners and, this year, there were 23 companies scoring over 60 (“developing”), a further 12 scoring over 70 (“progressing well”), and 4 companies in the “leaders” band, scoring over 80.



### Section 1: Corporate Strategy

Companies are getting to grips with their sustainability strategy, goal setting, and annual reporting of progress. The tone, in most cases, is coming from the top. However, on the whole, fiber and material sustainability is not being integrated into corporate risk reviews, nor is it adequately integrated into staff roles and responsibilities. Sustainability needs to go beyond the CSR team and deeper into buying, marketing, design, and product management.



### Section 3: Consumption

Companies are starting to set targets for uptake, and are prepared to disclose consumption data to Textile Exchange. Pulling PFMs through supply networks and replacing conventional with preferred fiber or materials holds the greatest opportunity for shifting the sector along the PFM performance continuum.



### Section 2: Supply Chain

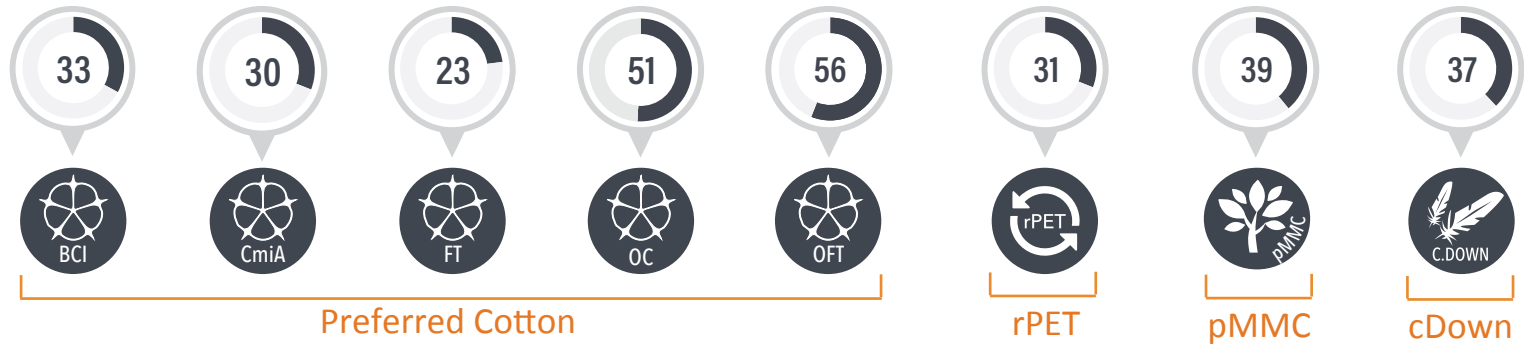
Some PFMs are more advanced than others, with high performing companies using Chain of Custody (CoC), traceability systems, and investing in supply, particularly for Organic Fair Trade cotton. There is a big opportunity for companies to move their recycled materials under a CoC. Full traceability and supply investment is only occurring amongst a minority, with leaders acting collectively within specific initiatives



### Section 4: Consumer Engagement

Front-runners tend to have entire businesses based on sustainable collections. They are doing best on product labeling, communications, and consumer awareness. However, the majority has no set agenda here. Many struggle to understand the business benefits, let alone calculate a return on investment.

# PFM RESULTS



## Preferred Cotton

- OC (51) and OFT (56) were the most advanced.
- For OFT, it was relatively clear that smaller brands, with limited numbers of suppliers and brand identities riding on their sustainability attributes, were front-runners of Index.
- Lower participation rates and scores for the BCI (33), CmiA (30) and FT (23).

## Recycled Polyester

- Dominated by companies just “starting out”.
- Areas in most need of attention include: use of chain of custody standards, setting of targets, investment in supply, and material uptake.
- With few exceptions, consumer engagement is lacking across the board, although a number of companies, typically Apparel (S/M), are building brand identity through rPET attributes.

## Preferred MM Cellulosics

- “In development” as there is no standard or definitive guideline on is “preferred.”
- Based on lyocell/modal.
- Companies scored relatively well on setting a code, particularly members of the CanopyStyle initiative.
- Other strengths included Consumption Reporting and Establishing Brand Identity with consumers.
- Improvements most needed in target-setting and in transitioning to pMMC.

## Certified Down

- Comprise of TDS or RDS
- Average score of 37, indicating that most participants are at the early stages of implementation.
- Areas to improve included investment in down programs, collection of data on consumption levels and the ability to connect investment in supply with consumer awareness and brand benefit.

# SUB-SECTOR RESULTS



## Apparel (S/M)

- Make up 30% of Index participants – largest sub-sector.
- Highest performing sub-sector, with an average score of 59.
- 10 companies ranked in the top 20, with 6 of them being in top 10.
- Led in the S3 Consumption and S4 Consumer Engagement.
- Ave share of 76% cotton in portfolio.
- High number of companies having 100% OC and OFT portfolios.
- Highest scoring in pMMC and rPET – two weakest PFMs.



## Apparel (L)

- Accounted for 15% of entries.
- Only one company in this sub-sector ranked in the top 20.
- Average share of 49% cotton, highest user of animal and “other” fibers (30%)
- OC and pMMC were highest scoring modules.
- Use less cDown than the Outdoor/Sports but has 54% of its down being certified to RDS/TDS and 20% certified to in-house or other standards.



## Multi-Sector/Apparel (XL)

- Accounted for 20% of entries.
- This group, on the whole, faces the most challenges - diverse and complex fiber portfolios, larger quantities/varieties of products.
- Lower average score hides the achievements of some of the highest performing companies in the Index - 3 companies in the top 20 and 1 in the top 10.



## Outdoor/Sports

- Make up 20% of Index participants
- Only one company in this sub-sector ranked in the top 20.
- Topped the Index when it came to Corporate Strategy, as well as for BCI, FT and cDown.
- Average share of 57% Lyocell in their MMC portfolio, second only to Apparel (S/M).
- Average portfolio of 63% synthetics, and only 14% of this being recycled - this sub-sector has significant room for improvement where it matters most.



## Home Textiles

- Make up 15% of Index participants.
- Scored well, with 5 companies in the top 20, and 2 in top 10.
- Consist mainly of small to medium sized companies.
- Home Textile companies tend to be cotton-heavy, averaging 67% cotton in their fiber portfolios.
- Ahead of the rest in Supply Chain, and second only to Apparel (S/M) in all other sections of the Index.

# AREAS FOR IMPROVEMENT

Where do companies need to focus?

1

Incorporate Risk Review into Corporate Risk Registers

2

Integrate Responsibility Throughout The Business

3

Know Your Supply Chain – In Depth

4

Invest In Sustainability

5

Set Qualified and Time Bound Targets

6

Measure What You Manage

7

Close The Uptake Gap between Conventional And Preferred

8

Prove The Business Case

9

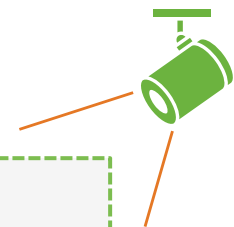
Talk About It

10

Collaboration Is Key

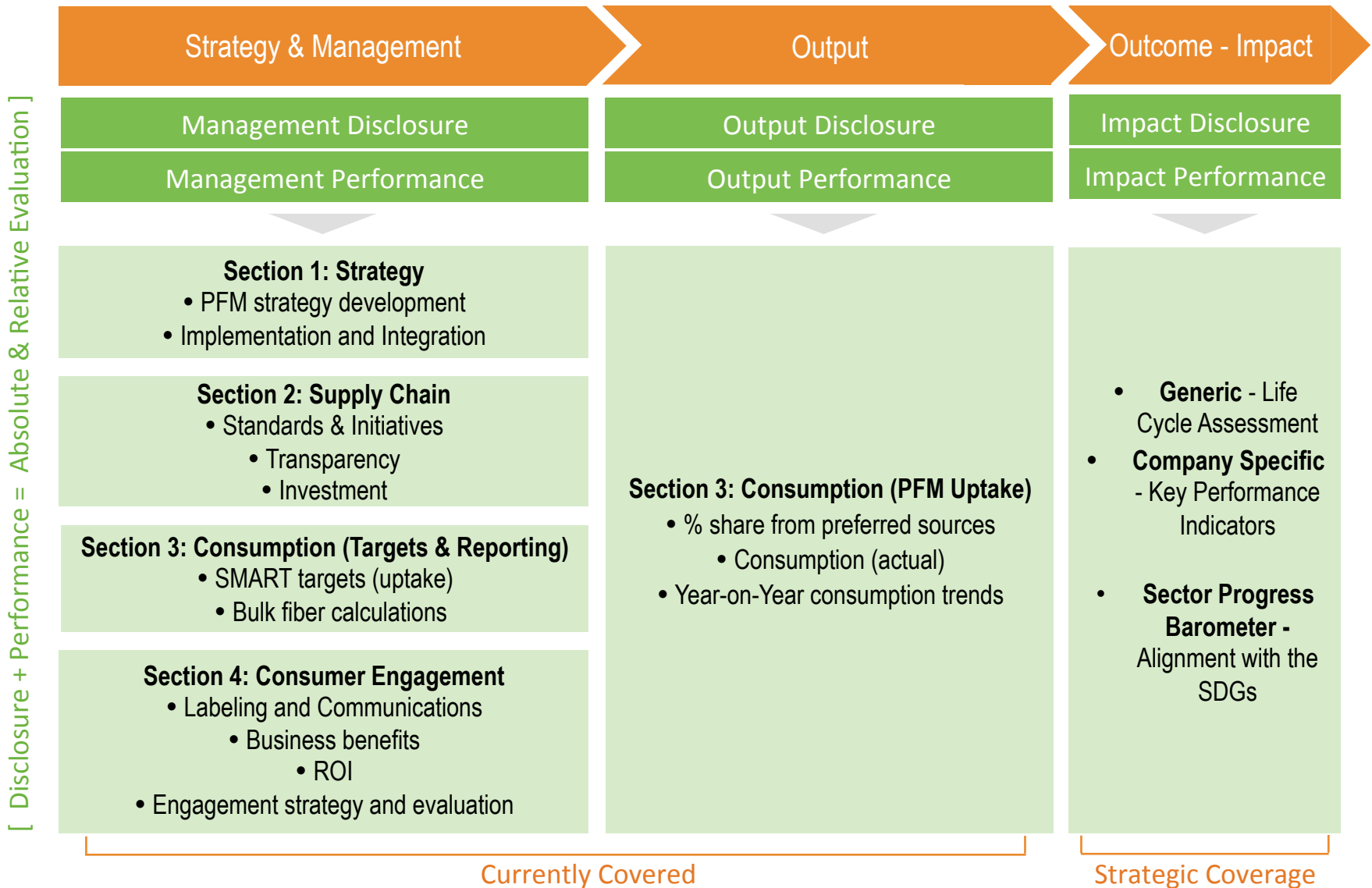
## Spotlight on Recycled Polyester

Shifting from virgin to recycled offers significant environmental savings and is key to a Sector shift.





# FROM STRATEGY TO IMPACT

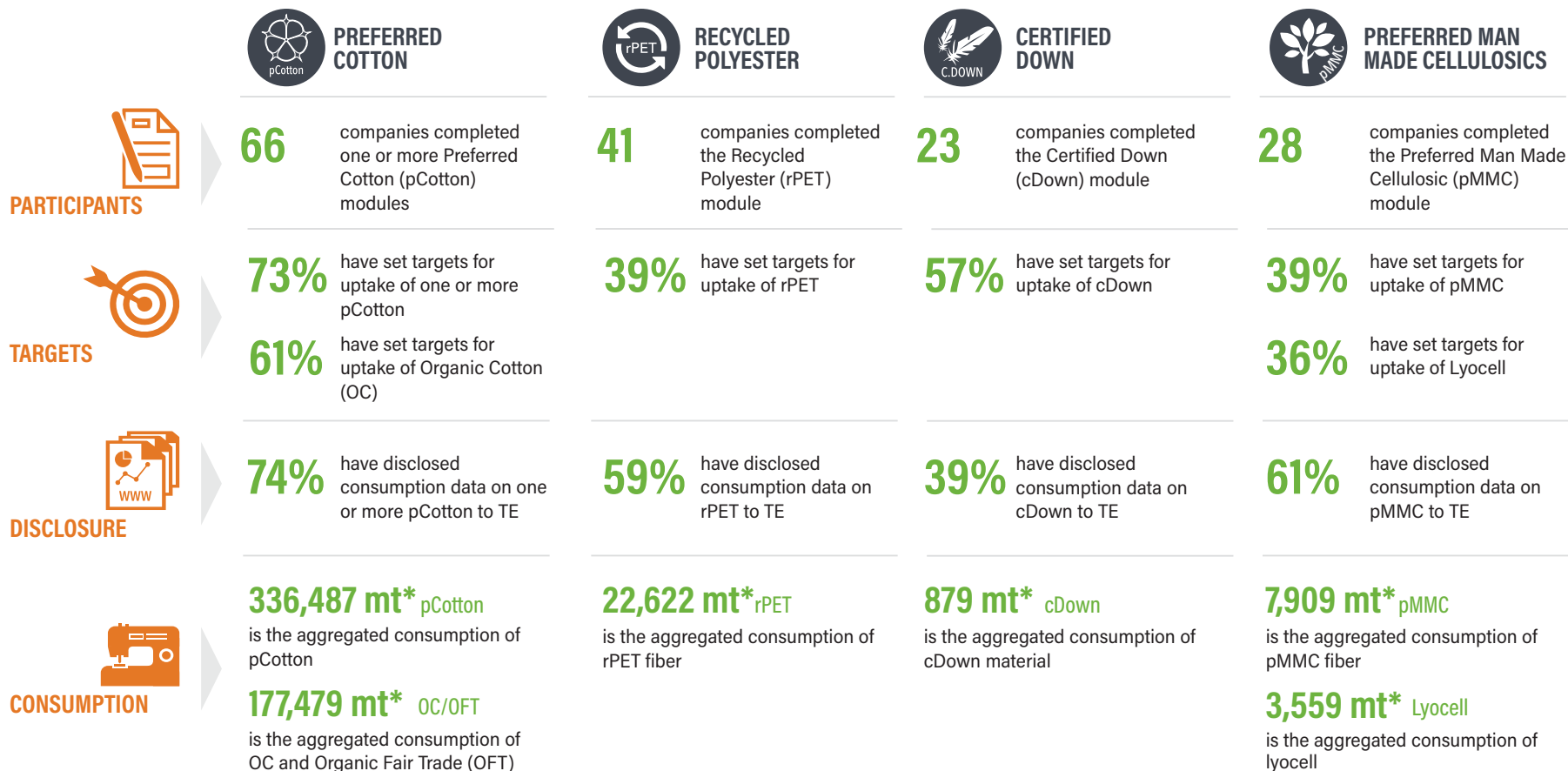


[ Disclosure + Performance = Absolute & Relative Evaluation ]

# PFM BAROMETER OF PROGRESS

Tracking Targets and Consumption (Uptake) – Based on Disclosure

The PFM Barometer is based on the 71 companies that participated in the 2016 PFM Benchmark. The PFM Barometer aligns progress in PFMs against SDG 12: Sustainable consumption and production (targets 12.2 responsible use of natural resources, 12.5 reduce waste, and 12.6 reporting).



1. All reported figures use the number of participants for the respective module as a baseline  
 2. \* denotes consumption data disclosed by participants in the survey  
 3. pCotton includes: BCI, CmiA, Fair Trade, Organic Cotton, and Organic Fair Trade

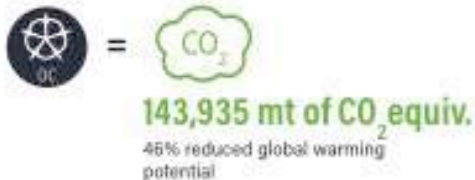
# PFM BAROMETER OF PROGRESS

## Outcomes and Impacts – Alignment with SDG 12

### OUTCOMES



### IMPACTS



Ensure sustainable consumption and production patterns.

#### TARGET 12.2

By 2030, achieve the sustainable management and efficient use of natural resources.

INDICATOR 12.2.1: Material footprint.

#### TARGET 12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

INDICATOR 12.5.1: Tons of material recycled.

#### TARGET 12.6

Encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

INDICATOR 12.6.1: Number of companies publishing sustainability reports.

1. Calculation for number of ducks and geese protected is based on estimated averages provided by multiple down suppliers.
2. Savings for organic cotton (over conventional) are estimated using data from The Life Cycle Assessment Of Organic Cotton Fiber Summary Of Findings - A Global Average (and based on disclosed OC consumption data\* reported on page 14).
3. Savings for chemically recycled polyester (over virgin) are estimated using data from Open-loop recycling: A LCA case study of PET bottle-to-fibre recycling (based on disclosed rPET consumption data\* reported on page 14).



# CONTINUOUS IMPROVEMENT

PHOTO: Thread International

Our policy is continuous improvement. We warmly invite all participants and interested stakeholders to take part in improving the PFM Benchmark Program. Textile Exchange aims to create a tool that really adds value and contributes to company performance improvement and, to do this, we need your input.

# 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 warmly invite all participants and interested stakeholders to take part in improving the PFM Benchmark Program. The four key areas we have identified for this review process are:

## 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.

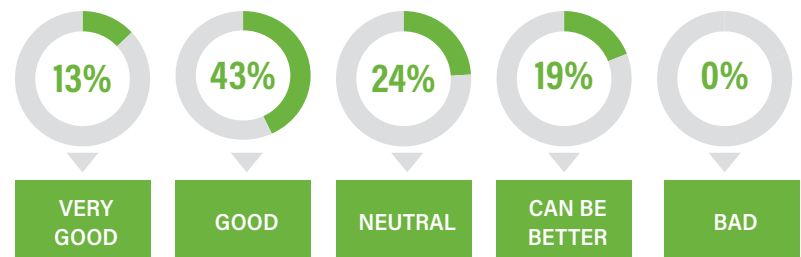
## 4. Communication

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



# HOW WE CAN HELP



## Performance Analysis Presentation

US\$6,000 (TE Members)  
US\$9,000 (Non-Members)

A Performance Analysis Presentation to your company's core team, covering:

- A summary of your PFM Benchmark results and areas of strength
- A gap analysis of your company's performance
- Modeling of your company's areas for improvement



## Gap Analysis Report

US\$7,000 (TE Members)  
US\$10,000 (Non-Members)

Gap Analysis Report, covering:

- A summary of your PFM Benchmark results and areas of strength
- A detailed gap analysis of your company's performance
- Tailored recommendations, including examples of best practice from peers and Index participants
- Prioritization of areas for improvement and action



## Bespoke Support

All advisory projects are scoped and priced individually

Based on your TE Benchmark results we can offer bespoke advice that can help you progress on your preferred materials journey. Focusing on your company's individual needs, we will provide specialist support and practical recommendations to further embed sustainability, preferred materials, and good supply chain management.



# THANK YOU



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