

# Corporate Fiber & Materials Benchmark

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# Material Change Index: 2019 Results Guide



TextileExchange
Material Change Index



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# Purpose of this Guide

This document is designed to help participants and the wider audience of interested readers understand and interpret the public results of the Corporate Fiber and Materials Benchmark (CFMB). The public results are comprised of the Material Change Index (MCI) and family of indices, including the Materials Circularity Index, the Materials SDG Index, and six material indices: Cotton, Polyester, Nylon, Manmade Cellulosics, Wool and Down.

#### The guide covers:

- An introduction to the program benefits
- The methodology behind the indices
- Results communications and claims policy
- Program assurance
- Our disclaimer

In addition to the public results, all participants receive confidential company scorecards. The scorecards provide more detailed information on how the company is doing across the benchmark framework. The scorecards are intended to support companies on their preferred fiber and materials journey, tailored communications, and insights to help them move to the next level of performance.

#### Introduction

Textile Exchange's Material Change Index (MCI) and wider family of indices are the product of the Corporate Fiber & Materials Benchmark (CFMB) program. The CFMB tracks the textile sector's progress toward more sustainable materials sourcing, as well as its alignment with global efforts like the Sustainable Development Goals (SDGs) and the transition to a circular economy.

The CFMB enables participating companies to measure, manage and integrate a preferred fiber and materials strategy into their business operations. Importantly, the CFMB is designed to support a company's performance improvement, with confidential company scorecards produced for each individual participant.

#### Benchmarking and bench-learning

The objectives of the MCI are to accelerate change, drive a race to the top, and to provide an opportunity for all to learn from collective insights and leading practices. The MCI is based on the participating companies' self-reported company information and quantitative materials uptake (volume) data. Companies are not alone in the process. During the survey submission phase, Textile Exchange provides participants with hands-on and documented guidance. The survey validation process involves a comprehensive review of each company's submission. Validation is a two-way process, with Textile Exchange staff and company benchmark practitioners discussing the company's submission together.

#### Voluntary and business-led

Participation in the CFMB is voluntary and industry driven. The program is designed to recognize and celebrate the commitment and efforts being made by all participating companies in improving the sustainability of their fiber and material use. The MCI and family of indices are publicly reported annually, creating an opportunity for participants to demonstrate their commitment to sourcing more sustainable materials and their contribution to industry change. Public results allow the entire textile industry to gain insights into how reporting companies are doing, and to track progress in materials strategy, management, and impacts. This voluntary display of transparency by participating companies provides a unique opportunity to measure progress. Program participants are role models for the rest of the industry and help set the pace. Textile Exchange hopes their leadership motivates others to join.

#### Robust and reliable

Our technology partners, 73Bit, have extensive experience in providing online benchmarking platforms. We have been working – and growing - together from the beginning. Other 73Bit clients include: The Grantham Research Institute on Climate Change and the Environment, United Nations Principles of responsible Investment, Access to Nutrition Index and the Business Benchmark on Farm Animal Welfare. Our methodology is continually refined through consultation with a wide range of stakeholders, including participating companies. Textile Exchange hired BSD Consulting to provide an <u>independent assessment</u> of the processes and methods used to develop and implement the benchmark. BSD used the ISEAL Benchmarking Guidelines for conducting this assessment. For data collection and data validation processes, BSD also refers to the Global Reporting Initiative (GRI) principles of completeness, accuracy, reliability and comparability. This assessment helps Textile Exchange to continuously improve the program.

# The Material Change Index

#### Revamped model

As a result of the CFMB program review carried out over Q4 2018 and Q1 2019, Textile Exchange has replaced its volume-based leaderboards of the past with a more holistic and contemporary assessment of leadership. The Material Change Index (MCI) and family of indices are based on a company's management practices (including risk, transparency, investment, target-setting, and impact measurement) as well as the adoption rate of preferred fibers and materials. In this way we reflect both intention and action.

#### MCI family of indices

The MCI public results are presented on the Textile Exchange website and announced annually in collaboration with GreenBiz Group. Alongside the index board, a series of insights and analytics from the program are produced each year to spread the leadership and learning opportunities that the program provides.

Key components of the index board are explained below, covering:

- Reporting companies
- Submission scope
- Sub-sectors
- Performance bandings

Explanations of each index are provided in the section on scoring.



#### Reporting companies

The list of reporting companies reflects the number of survey submissions. However, a number of submissions are from holding companies with subsidiaries. Textile Exchange individually counts company subsidiaries in the total number of participants.

Company placement on the public index is voluntary. There are usually a small number of companies wanting to enter gradually and the program accommodates this approach, with the expectation that public disclosure is achieved within two years.

#### Submission scope

In response to stakeholder demand, CFMB participation is flexible, allowing companies to participate at their own pace and flex from year-to-year depending on available resources. Companies are assessed based on the survey option they elect to complete. Importantly, company eligibility for the MCI is based on completing the **full survey**, including **all priority fiber and materials** modules. See Appendix 2 for the definition of a priority material.

A company's survey selection determines their index placement as explained in the table below.

Assessment	Submission scope	Index placement	
Complete Assessment	Full survey	<ul> <li>Material Change Index (MCI)</li> <li>Materials Circularity Index</li> <li>Materials SDG Index</li> <li>Material Indices (see below)</li> </ul>	
Modular Assessment	Selection of one or more material modules for completion	Material Indices:	
Uptake Assessment	Reporting on material uptake targets and volumes	Listed for all reported materials as above. Listed as "progress tracker" only on the index board	

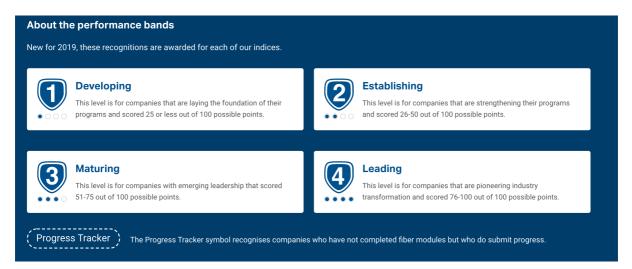
#### **Sub-sectors**

Companies are benchmarked against the entire group of participants, and within market segments (called sub-sectors). There are four sub-sectors as listed below.

Sub-sector	Description	Product Categories
Apparel / Footwear	Companies and retailers, of all sizes, mainly apparel and fashion footwear.	Designer, luxury, fashion, family, workwear/uniforms, baby, basics, intimates, and footwear.
Sports / Outdoors	Companies and retailers, all sizes of outdoor, sportswear, and footwear.	Mountain, active and performance sports, yoga, lifestyle, backpacks, sports bags, and footwear.
Home / Hospitality	Companies and retailers, all sizes, of exclusively or predominantly home textiles.	Dining (tablecloths, napkins), bed and bath, and indoor or outdoor soft furnishings.
Multi-sector	Companies and retailers, all sizes, handling a mix of apparel, footwear, and/or home textiles.	A range of product categories.

#### Performance banding

Company results fall into one of four performance bands as displayed below.



A company may perform at different levels within different indices, indicating that their organization is more advanced in some areas of materials sustainability than others. The chart below provides a generalized overview of what might typically be happening at each performance level.

	Level 1 Developing	Level 2 Establishing	Level 3 Maturing	Level 4 Leading
	Laying the foundations. 1 - 24 points	Strengthening practice. 25-49 points	Leadership is emerging. 50-74 points	Pioneering the transformation. 75-100 points
SECTION I Strategy and Integration	Materials sustainability strategy and reporting frameworks are in development.  Early integration of strategy into business operations.	Materials sustainability strategy in place, some public reporting of activities.  Some integration of strategy into business operations, usually via a sustainability officer or team.	Mature materials sustainability strategy, stakeholder informed. Public reporting of materials activities and some coverage of impacts and trends.  Integration of strategy into business operations and retail markets. Accountability with senior directors and broad staff responsibility.	Advanced, stakeholder driven materials sustainability strategy, aligned with the SDGs. Public reporting of materials activities, impacts, and trends.  Full integration of strategy into business operations and company brand. Use of preferred materials is a company differentiator. Leadership at C-suite and integrated staff responsibilities.
SECTION II Materials Portfolio	Materials management systems in development.	Management systems focusing on one or two material types.	Management systems covering all priority materials.	Comprehensive management systems covering

			SMART targets in	entire portfolio of
	Qualitative targets and/or SMART (measurable) targets in development.  Supply mapping and uptake data measurement in development.  Limited use of standards and product labeling.	SMART targets in place for one or two material types.  Supplier mapping and uptake data measurement for one or two material types.  Increased use of standards and some product labeling. Early customer engagement.	SMART targets in place for all priority materials.  Formally constructed supplier mapping and uptake data measurement system covering all priority materials.  Comprehensive use of standards and product labeling. Customer engagement maturing.	entire portfolio of materials.  SMART targets in place, managing a portfolio approach and continuously improving.  Advanced supplier mapping and uptake data measurement system.  Standards use and product labeling set as the minimum. Advanced customer engagement.
SECTION III Materials Circularity	Circularity strategy in concept stage only or under development.  Use of reclaimed materials recognized as a first step.	Circularity strategy formalized internally.  Training teams and building capacity in-house. Early stages of operational execution.  Identifying opportunities for reducing waste and "closing the loop" on material use.	Circularity strategy in place and wider engagement with suppliers and other stakeholders.  Investments in staff and organizational needs to advance implementation.  Implementing initiatives for reducing waste, "closing the loop" and exploration of business models that extend product life.	Circularity embedded in business strategy. Circular initiatives embedded in-house.  Working with suppliers and pre- competitively with others to advance and accelerate circular materials and production models.  Quantifying and tracking resource and waste reduction.  Investing in circular and/ or service- based business models.

# Scoring

The Material Change family of indices is driven by a sophisticated scoring methodology. A simplified summary of how the scoring works for each index category is provided below, however please refer to the Scoring Methodology for full details.

#### Material Change Index

The Material Change Index (MCI) is the result of an assessment of the overall performance of a company that has completed the full CFMB survey. It is based on scores within each of the three sections i.e. Strategy and Integration (25%), Materials Portfolio (65%) and Materials Circularity (10%). MCI results are normalized to a score out of 100.

The MCI requires a company to report on all priority materials from the six material portfolio options (cotton, polyester, nylon, manmade cellulosics, wool, down). See definition of "priority" in Appendix 4.

Section I and Section III are entirely comprised of management scores, while Section II includes scores for both management (30%) and performance (70%). The performance score is made up of two key performance criteria for uptake of preferred material:

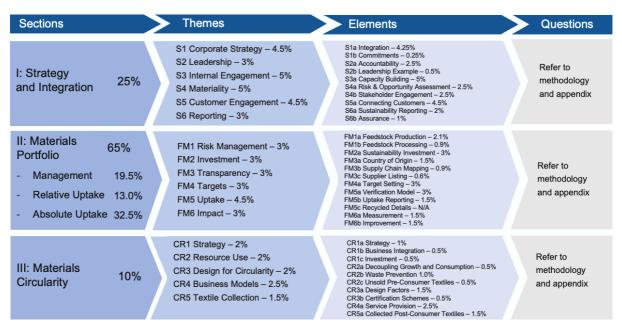
- Absolute uptake: A company's absolute uptake performance score is based on the volume (scale) of uptake from one or more preferred materials programs. Absolute uptake is categorized by quartiles, based upon the count of participants reporting data for the module in a specific year.
- 2. **Relative uptake:** A company's relative uptake performance score is based on the share of preferred material uptake relative to conventional. Program Sustainability Weights are applied to the share of uptake from each preferred material in use alongside Program Confidence Factor when estimates of uptake is reported.

A data confidence factor and program sustainability weightings are applied (details in the <u>Scoring Methodology</u>).

The diagram below shows the breakdown of management and uptake scores.

Material Change Index Score				
Section I Score Strategy & Integration	Section II Score Section III Score Materials Portfolio Materials Circularity			
	Cotton Portfolio Score	Management Score	Uptake	
Management Score	Wool Portfolio Score	Management Score	Uptake	
	Down Portfolio Score	Management Score	Uptake	Management Score
	MMCF Portfolio Score	Management Score	Uptake	a.a.gso.k ess.e
	Polyester Portfolio Score	Management Score	Uptake	
	Nylon Portfolio Score	Management Score	Uptake	

The table below shows the detailed breakdown of scores at the Section, Theme and Element levels of the survey.



Note: The SDGs represent 17% of the overall MCI score.

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#### **Spotlight: Application of Weightings and Factors**

It is important to note that adjustments are applied within the scoring equation according to data quality and the weight attributed to each sustainability program.

- Data Confidence Factor: A multiplier is applied to normalize the level of confidence in the uptake data. A 100% confidence level is applied when a company can report all absolute volumetric data; a 90% confidence level is applied when a company cannot fully report their program data and provide percentage estimates instead.
- Program Sustainability Weighting: This refers to the sustainability weight allocated to each material sustainability program and reflects the program's potential for positive impact.

See the Scoring Methodology for further details.

#### Materials SDG Index

To arrive at the Materials SDG result, selected SDG-related responses are aggregated from each section of the survey and normalized to a score out of 100. See appendix for SDG score components.

Sections		>	Themes	>	► Elements	>	Questions
I: Strategy and Integration	85%		1 Corporate Strategy – 51% 2 Leadership – 5.95% 3 Internal Engagement – 4.25% 4 Materiality – 12.75% 5 Customer Engagement – 2.55% 6 Reporting – 8.5%		S1a Integration – 45.9% S1b Commitments – 5.1% S2a Accountability – 5.95% S3a Capacity Building – 4.25% S4a Risk & Opportunity Assessment – 6.38% S4b Stakeholder Engagement – 6.38% S5a Connecting Customers – 2.55% S6a Sustainability Reporting – 8.5%		Refer to methodology and appendix
II: Materials Portfolio  - Management  - Relative Uptake  - Absolute Uptake	2.5% 2.5% 0% 0%		FM4 Targets – 0.75% FM5 Uptake (Reporting) – 0.5%) FM6 Impact – 1.25%		FM4a Target Setting – 0.75% FM5b Uptake Reporting – 0.5% FM6a Measurement – 0.63% FM6b Improvement – 0.63%		Refer to methodology and appendix
III: Materials Circularity	12.5%		CR1 Strategy – 11.88% CR2 Resource Use – 0.38% CR3 Design for Circularity – 0.13% CR5 Textile Collection – 0.13%		CR1a Strategy – 11.88% CR2a Decoupling Growth and Consumption – 0.19% CR2b Waste Prevention – 0.09% CR2c Unsold Pre-Consumer Textiles – 0.09% CR3b Certification Schemes – 0.13% CR5a Collected Post-Consumer Textiles – 0.13%		Refer to methodology and appendix

#### Materials Circularity Index

The Materials Circularity Index is a spotlight on a company's result for Section III. Scores are normalized out of 100. The Material Circularity section is new to the benchmark this year and focuses on an increasingly important aspect of materials management.

#### **Material Indices**

There are six material indices: Cotton, Polyester, Nylon, Manmade Cellulosics, Wool, and Down. Results are normalized to a score out of 100 for each index. Data confidence factors and program sustainability weightings are applied. Material Index scores reflect the sustainability progress made by the company at the individual material level, and cover both the management (30%) as well as the performance (70%). The performance score is made up of two key performance criteria for uptake of preferred material:

- 3. **Absolute uptake:** A company's absolute uptake score is based on the volume (scale) of uptake from one or more preferred materials programs. Absolute uptake is categorized by quartiles, based upon the count of participants reporting data for the module in a specific year. The absolute uptake score is assigned 50% of the materials performance score.
- 4. **Relative uptake:** A company's relative uptake score is based on the share of preferred material uptake relative to conventional. Program sustainability weightings are applied to the share of uptake from each preferred material in use. The relative uptake score is assigned 20% of the materials performance score.

#### Progress Tracker

While company data is validated, there are no performance bandings associated with progress tracker entries. The progress tracker helps companies monitor and communicate progress against their uptake targets. Progress tracking for cotton is a minimum requirement of the <a href="2025\_Sustainable Cotton Challenge">2025\_Sustainable Cotton Challenge</a>, for which Textile Exchange is the accredited data collection partner.

#### **Results Communications**

Textile Exchange encourages all participants to communicate their benchmarking activities internally and externally. We have developed a claims framework that controls how Textile Exchange, and participants, make claims about the program results. Claims must be grounded in, and consistent with the actual results and must not misrepresent the conclusions that can be drawn from the evaluation. This policy supports participants and other stakeholders to make credible and positive claims about the benchmark results. The policy is based on ISEAL's Sustainability Claims Good Practice Guide.

#### Company badges

To help build a strong visual identity for the program we have developed a series of badges. Companies can display their badge in annual reports, on their website, and in other appropriate settings where communication opportunities should arise, such as social media.

There are two badge types:

- **Participant** available to all companies taking part in the program. The Participants badge includes the year of participation.
- MCI only available to companies completing the full survey. The MCI badge includes the company's performance banding (Developing, Establishing, Maturing, Leading) and the corresponding level (1-4), plus the year of participation (2019).



**Communicating specific results:** Companies wishing to communicate their results for specific indices are welcome to do so. For example:



Our company was a participant in the 2019 MCI and received a Level 4 (Leading) in Cotton, and a Level 3 (Maturing) in Polyester.

References should include:

- Website link
- Survey year
- Other relevant details depending on the nature of the reference

# Appendix 1: Verification Statement

Textile Exchange is a member of the ISEAL Alliance and working on the continuous improvement of the impact reporting, aligned with the good practices as defined in the ISEAL Guide "Assessing the Impacts of Social and Environmental Standards Systems. ISEAL Code of Good Practice" (PDF).

The foundation for a robust impact reporting is a consistent and reliable reporting of fiber volumes. Textile Exchange partnered with WRAP UK, the German Partnership for Sustainable Textiles, GOTS and BCI to develop the "Fiber Uptake Calculation Guide" (PDF) in order to support companies to systematically calculate their uptake volumes aligned with good industry practice.

In order to continuously improve the program, Textile Exchange hired BSD Consulting to provide an independent assessment of the CFMB. The assessment was focused on the processes and methods used to develop and implement the benchmark which include the survey, the validation of the data and scoring processes. The assessment was conducted through a desktop review of documents provided by Textile Exchange and through interviews with Textile Exchange staff. The data provided by participating companies is self-reported, a review of the sources of the data was not included in the assessment. BSD used the ISEAL Benchmarking Guidelines for conducting this assessment. For data collection and data validation processes, BSD Consulting also refer to the GRI principles of completeness, accuracy, reliability and comparability.

View the verification statement <u>here</u>.

# Appendix 2: Disclaimer

The Textile Exchange Corporate Fiber and Materials Benchmark (CFMB) results (including the Material Change Index and the Material Impact Dashboard) are based on information that Textile Exchange receives from each participating company. Any statements, opinions or conclusions contained in the CFMB results are honestly and reasonably held or made by Textile Exchange at the time of publication only and may change without notice. Any opinions expressed in the CFMB results are those of Textile Exchange and do not necessarily reflect the views of any of Textile Exchange's funders, member organizations or advisers.

The CFMB results are provided for general information purposes only. The CFMB results are not intended as, and should not be construed or relied upon as, advice of any kind, including but not limited to regulatory, investment or other professional advice. Textile Exchange has no obligation to provide the users of the CFMB results with additional information, to update the information contained in the CFMB results, or to correct any inaccuracies which may become apparent, except as may be permitted through Textile Exchange's own appeals procedure.

The CFMB results are based on each participating company's self-reported data. While Textile Exchange reviews all data entries, and checks calculations, Textile Exchange does not validate any data. Each participating company is solely responsible for the information it submits for the CFMB, and Textile Exchange accepts no responsibility and makes no representation as to the truth, accuracy, reliability or completeness of the CFMB results. Neither Textile Exchange nor any of its agents, representatives, advisers, affiliates, directors, officers or employees makes any warranty whatsoever—either express or implied—as to the CFMB results or any material or information related thereto, including but not limited to any warranties of merchantability, non-infringement or fitness for a particular purpose. In no event shall Textile Exchange be liable for damages of any kind, under any legal theory, arising out of or in connection with the CFMB results or any related material or information, provided that the foregoing does not affect any liability which cannot be excluded or limited under applicable law.

# Appendix 3: About the Benchmark

#### Background

The Corporate Fiber & Materials Benchmark (CFMB) program provides a robust structure to help companies systematically measure, manage and integrate a preferred fiber and materials strategy into mainstream business operations, to compare progress, and to transparently communicate performance and progress to stakeholders.

The CFMB comprises three sections: Section I: Strategy and Integration; Section II: Materials Portfolio, and Section III: Material Circularity. The sections act as cornerstones to the framework. Progressive companies may be able to demonstrate good practice within one or two of the sections, while leading companies will be able to show good practice across the board.

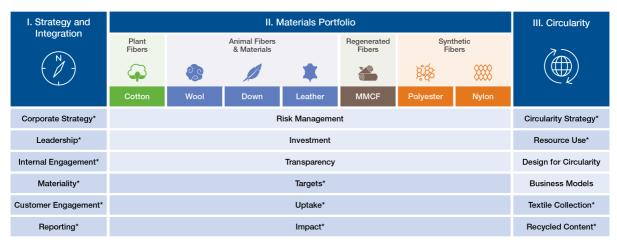
Textile Exchange works hard to keep the Benchmark aligned with important initiatives and has stepped up the initiative mapping to include the Global Reporting Initiative (GRI), Sustainable Assessment Standards Board (SASB), United Nations Global Compact (UNGC), and more.

#### Reporting period

The CFMB involves an annual survey. The survey is released in May each year and participants have six weeks to submit their completed survey. The reporting period is the calendar year 2018 (or the corresponding fiscal year, production year, or last 12 months, if the reporting cycle of the company differs from the calendar year). To maximize consistency, the CFMB encourages calendar year reporting but is not proscriptive. The most important aspect of the reporting period is that the company is consistent year-to-year.

#### Benchmark framework

There are a total of 18 key themes (6 themes per section as outlined in the diagram below). Within each theme are the elements (or sub-themes). There are 35 elements in total. Responses to the question sets form the indicators of progress. Indicators include both qualitative (management based) and quantitative (performance based) metrics.



\* Alignment with Sustainable Development Goals (SDGs)

#### Portfolio approach

Designing and implementing a portfolio of sustainability programs involves:

- Building a suite of preferred fibers and materials, from a choice of preferred options, through the consideration of impacts and organizational priorities.
- Embedding a strategy that leads to preferred options replacing unsustainable or less sustainable options.
- Committing to the principles of continuous improvement and ensuring options selected result in a positive impact.
- Recognizing that "one size does not fit all" and allowing participants to build their own
  portfolio of sustainability programs based on the company's strategic assessment and
  implementation plan.

The CFMB currently includes sustainability programs within seven material categories (survey modules). Companies are advised to select modules based on their priority materials (i.e. those accounting for over 10% of their overall materials use). As mentioned earlier, the MCI requires a company to complete modules for all priority materials.

Within each module, participants select both the sustainability programs they source from, and conventionally produced materials (where used). Sustainability programs include both renewable and recycled fiber and material options (see also definitions in Appendix 2).



Note, leather was introduced as a pilot module in 2019 and was non-scoring. Companies still receive feedback based on their submission and Textile Exchange aims to formally introduce leather in 2020, with adjustments made based on participant responses and broader stakeholder feedback.

# Framework themes and elements

THEME	ELEMENT
Section I: Strategy and Integration	
S-1. Corporate Strategy	S-1a. Integration
	S-1b. Commitments
S-2. Leadership	S-2a. Accountability
	S-2b. Leadership Example
S-3. Internal Engagement	S-3a. Capacity Building
S-4. Materiality	S-4a. Risk and Opportunity Assessment
	S-4b. Stakeholder Engagement
S-5. Customer Engagement	S-5a. Connecting Customers
S-6. Reporting	S-6a. Sustainability Reporting
, -	S-6b. Assurance
Section II. Materials Portfolio	
FM-1: Risk Management	FM-1a. Feedstock Production
	FM-1b. Feedstock Processing
FM-2: Investment	FM-2a. Sustainability Investment
FM-3: Transparency	FM-3a. Country of Origin
	FM-3b. Supply Chain Mapping
	FM-3c. Supplier Listings
FM-4: Targets	FM-4a. Target Setting
	FM-4b. Public Commitments
FM-5: Uptake	FM-5a. Verification Models
	FM-5b. Uptake Reporting
	FM-5c. Recycled Details
FM-6: Impact	FM-6a. Impact Measurement
	FM-6b. Impact Improvement
Section III. Material Circularity	
CR-1. Circularity Strategy	CR-1a. Strategy
	CR-1b. Responsibilities
	CR-1c. Investment
	CR-1d. Reporting
CR-2. Resource Use	CR-2a. Decoupling Growth and Consumption
	CR-2b. Waste Prevention
	CR-2c. Unsold Pre-Consumer Textiles
CR-3. Design for Circularity	CR-3a. Design Factors
	CR-3b. Certification
CR-4. Business Models	CR-4a. Service Provision
CR-5. Textile Collection	CR-5a. Collected Post-Consumer Textiles
CR-6. Recycled Content	CR-6a. Recycled Inputs

# Appendix 4: Program Terms and Definitions

**Benchmark:** is the reference point against which something is evaluated. To benchmark is the act of determining (or judging) alignment with the fixed reference point. **ISEAL** 

**Circularity**: the concept of materials circularity is to transition to a circular economy that would benefit business, society, and the environment by implementing strategies that entail gradually decoupling economic activity from the consumption of finite resources and designing waste out of the system.

**Conventional material**: all mainstream fibers and materials not grown or produced according to any sustainability program.

**Fiber**: a unit of matter characterized by its flexibility, fineness, and high ratio of length to maximum transverse dimension (ISO 1968:2004).

**Index:** a statistical tool designed to measure performance over time.

**Material**: a physical substance that textiles can be made from.

**Materials portfolio**: the range of fiber and materials in use by a company. The [overall] materials portfolio is inclusive of both preferred and conventionally produced materials. See *preferred material*, *sustainability programs portfolio*.

**Participant count:** the number of legal entities including independent, subsidiary, and affiliate companies (without counting holding companies and country-specific subsidiaries).

**Preferred material**: Textile Exchange describes a fiber or material as preferred when its production results in improved environmental and/or social sustainability outcomes and/or impacts in comparison to conventional production. Note: Textile Exchange is currently developing a preferred materials matrix which shows the strengths and gaps of assessed sustainability programs. See *sustainability programs*.

**Preferred, recycled**: a fiber or material which results in improved environmental and/or social sustainability outcomes and impacts in comparison to conventional production and which is a pre- or post-consumer material diverted from waste streams and used as feedstock to produce recycled fiber or material.

**Preferred, renewable**: a fiber or material which results in improved environmental and/or social sustainability outcomes and impacts in comparison to conventional production and which is grown, naturally replenished, or cleansed on a human time scale. A renewable resource is capable of being exhausted but can last indefinitely with proper stewardship (ISO 21930:2017).

**Priority material:** The benchmark determines a material as a "priority" based on the scale, risks and opportunities (details in the <u>Scoring Methodology</u>) it represents to a company.

**Sustainability programs**: refers to specific initiatives, standards and processes listed by Textile Exchange or distinguished by the company to have a higher sustainability performance than its conventional option. Program sustainability weights were allocated to each program (details in the Scoring Methodology).

**Sustainability programs portfolio**: the range of fiber and material sustainability programs in use by a company. See *preferred material*, *materials portfolio*, *sustainability programs*.

Designing a portfolio of sustainability programs involves:

- Building a suite of preferred fibers and materials, from a choice of preferred options, through the consideration of impacts and organizational priorities.
- Embedding a strategy that leads to preferred options replacing unsustainable or less sustainable options.
- Committing to the principles of continuous improvement and ensuring options selected result in a positive impact.
- Recognizing that "one size does not fit all" and allowing participants to build their own portfolio of sustainability programs based on the company's strategic assessment and implementation plan.

**Sustainable Development Goals**: a framework to be implemented by "all countries and all stakeholders, acting in collaborative partnership" around a set of 17 specific, aspirational goals that address the social, economic and environmental dimensions of sustainable development. See Textile Exchange's <u>textileforsdgs.org</u>. The benchmark includes an SDG Materials Index.

Further definitions can be found in the Survey Guide.



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Find out more about the CFMB here: textileexchange.org/pfm-benchmark



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