

Corporate Fiber & Materials Benchmark Program

Challenges FAQ Guide



The purpose of this document

This document provides a quick guide to some of the most frequently asked questions about the 2025 Recycled Polyester (rPET) Challenge and the 2025 Sustainable Cotton Challenge (2025 SCC).

This top-line guidance is suitable for:

- 1. Practitioners who would like to get started and require general knowledge about the Challenges; or wishing to share key aspects of the program with colleagues, senior management, or their board members
- 2. Executives, company board members, external stakeholders, NGOs, investors, industry experts and any others who would like to understand the general aspects of the 2025 Recycled Polyester (rPET) Challenge and the 2025 Sustainable Cotton Challenge (SCC).

Table of Contents

The purpose of this document	2
About the 2025 Recycled Polyester Challenge	4
Q1a. What is the 2025 Recycled Polyester Challenge?	4
Q1b. Why is the 2025 rPET Challenge important?	4
Q1c. How to become a signatory of the 2025 rPET Challenge	5
About the 2025 Sustainable Cotton Challenge	6
Q2a. What is the 2025 Sustainable Cotton Challenge?	6
Q2b. Why is the 2025 SCC important?	7
Q2c. How to become a signatory of the 2025 SCC	7
General information	8
Q3. What are signatories required to do and in what timeframe?	8
Q4. How do signatories get started on the CFMB portal?	8
Q5. What are the benefits of participating in the Challenge?	8
Q6. How are the results communicated?	9
Q7. Where do we go for support?	9

The 2025 Recycled Polyester Challenge

Q1a. What is the 2025 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 tonnes 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.

Q1b. Why is the 2025 rPET Challenge important?

Polyester (PET) is the most widely used fiber in the apparel industry, accounting for around 52% of the total volume of fibers produced globally. The apparel industry accounts for around 32 million tonnes of the 57 million tonnes of polyester used each year. In 2020, only around 15% of polyester came from recycled inputs – predominantly from post-consumer PET bottles (Textile Exchange Preferred Fiber & Materials Market Report 2021).

Recycled polyester has a significantly lower carbon footprint than conventional. Each kilogram of mechanically recycled polyester represents a reduction in GHG emissions by more than ~70% compared to virgin polyester (<u>Sustainable Apparel Coalition's Higg Material</u> <u>Sustainability Index</u> "Higg MSI"). To stay within the 1.5-degree Celsius pathway as recommended by the Intergovernmental Panel on Climate Change (IPCC), we need to bring up the share of mechanically recycled (or equivalent) fiber/filament within the polyester market from 14% to 90% by 2030. By 2025, rPET needs to comprise at least 45% of fashion's polyester market – this is equivalent to roughly 17.1 million tonnes (assuming a 3% growth rate of the apparel industry). The intention is that these 17.1 million tonnes of recycled should replace virgin synthetic feedstocks rather than shift to other fiber categories or justify increased industry growth.

Today, mechanically recycled polyester from plastic soda/water bottles and other plastic packaging makes up the majority of recycled polyester. However, chemical recycling and, more specifically, textile-to-textile recycling will be an increasingly essential part of reaching our goal – including the co-benefits of removing post-consumer textile waste from waste streams. We recognize that more data is needed on the GHG emission reductions associated with chemical recycling and that even with less significant reductions compared to mechanical recycling, it is a key part of the solution. We will continue to explore roadmap scenarios as impact data evolves and as the textile-to-textile recycling market matures.

Q1c. How to become a signatory of the 2025 rPET Challenge

Textile brands, retailers and suppliers are invited to join the 2025 Recycled Polyester (rPET) Challenge by completing the <u>registration form</u>. Companies do not need to be a member of Textile Exchange or the <u>Recycled Polyester Round Table</u> or the <u>Organic Cotton Round Table</u> to join the Challenge. We encourage the whole industry to participate in catalyzing change with this unified commitment.

The 2025 Sustainable Cotton Challenge

Q2a. What is 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.

Brands and retailers joining the 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

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.

Q2b. Why is the 2025 SCC important?

The purpose of the 2025 SCC is to increase the uptake of organic and other preferred cottons, which has the ability to increase the income of smallholder farmers, eliminate highly hazardous pesticides, eliminate or reduce the amounts of pesticides and synthetic fertilizer used, reduce water use and improve water quality and soil health.

Today, 22 percent of the world's cotton is from more sustainable sources (as defined above). By 2025, it is the vision of the 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.

Q2c. How to become a signatory of the 2025 SCC

Textile brands, retailers and suppliers are invited to join the 2025 SCC by completing the registration form. Companies do not need to be a member of Textile Exchange or the <u>Organic</u> <u>Cotton Round Table</u> to join the Challenge. We encourage the whole industry to participate in catalyzing change with this unified commitment.

General information

Q3. What are signatories required to do and in what timeframe?

Becoming a signatory to one or both of the Challenges will require annual reporting of polyester and/or cotton consumption to Textile Exchange's <u>Corporate Fiber and Materials Benchmark</u> (<u>CFMB</u>) <u>Program</u>, which tracks progress across all participants towards the collective goal. 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.

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

All signatories of the 2025 rPET Challenge and/or 2025 SCC need to log in on the <u>CFMB portal</u>, a secure platform for all benchmark survey and commitments reporting that falls under the CFMB Program.

In 2022, **the survey for brands and retailers is opens from Tuesday, June 21, to Friday, September 2,** to allow sufficient time for signatories to complete the survey.

The survey for suppliers and manufacturers is open from Thursday, July 21 to Friday, September 23, to allow sufficient time for signatories to complete the survey.

Q4. How do signatories get started on the CFMB portal?

To register (as a new participating organization) or to log in (if you are already benchmarking with us), find our registration and login details to the <u>CFMB portal</u> in the <u>Portal user's guide</u>.

Q5. What are the benefits of participating in the Challenge?

Participating in the Challenge provides signatories:

- The opportunity to demonstrate leadership through the commitments' reporting comms.
- A <u>digital scorecard</u> for engaging and communicating results to team members, executives, boards of directors and external stakeholders.
- A <u>framework</u> for reporting fiber uptake targets, consumption data and progress.
- <u>Performance tracking</u> with peers and participation in a learning community.
- Contribution to Textile Exchange's <u>Climate+</u> target of a 45% CO2 reduction by 2030.

Q6. How are the results communicated?

Annual confidential scorecards - All signatories will receive customized and confidential company scorecards which includes your uptake data and progress towards the target. Company scorecards offer a useful tool for companies to share with important internal and external stakeholders, including the investment community.

2025 Recycled Polyester Challenge Annual Report (release date TBD) – this will include signatory names, and features and highlights on best practises.

2025 Sustainable Cotton Challenge Annual Report (release date TBD) – this will include signatory names, and features and highlights on best practises.

Round Table meetings - Challenge highlights and trends are communicated annually through the respective fiber/material round tables.

Q7. Where do we go for support?

For queries directly relating to the SCC or rPET Challenge, please email <u>Bonolo@TextileExchange.org</u>

For any queries relating to submitting data via the CFMB program, accessing, and using the online portal, etc., please email the CFMB Team <u>CFMB@TextileExchange.org</u>.

Please make use of this guide and <u>full suite of guides</u>. If you still have questions, the CFMB team is happy to help!

Join the CFMB Hub community

Stay tuned with our announcements, updates and communication by joining our online community <u>Companies Creating Material Change</u>. A place for you to interact with the benchmarking community and with us. (If you have not logged in to the Textile Exchange Hub before, or if you have forgotten your password, simply <u>enter your email address here</u>, and you will be sent a password reset link.)

Learn more about the CFMB Program and methodology

To find out more about the program, visit our website - https://mci.textileexchange.org/



Corporate Fiber & Materials Benchmark Program

Find out more about the Material Change Index here:

mci.textileexchange.org www.textileexchange.org