

## Corporate Fiber and Materials Benchmark (CFMB) – Verification Statement

Prepared for: Textile Exchange

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The Corporate Fiber & Materials Benchmark (CFMB) provides a robust measurement tool 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 offers a quantified index ranking including a company's performance level in relation to peers and the overall industry (universe of participants). It provides an indicator of progress, helps companies identify strengths and gaps, and encourages year-on-year improvement and a "race to the top." Company participants see substantial detail about their performance, and industry averages are reported for public consumption. Participants receive a comprehensive scorecard comparing their own progress year-on-year and how they rank alongside their peers. These customized scorecards are confidential to the participant, and annual insight, including a new Material Change Index and family of indices, is shared in the public domain. The CFMB provides an important entry point to the Sustainable Development Goals (SDGs), enabling progress to be tracked at company, sub-sector, and sector levels.

BSD Consulting was engaged by Textile Exchange to provide an independent assessment of the CFMB process.

### Assessment approach

The [ISEAL Benchmarking Guidelines](#) were used as the guiding framework for conducting this assessment. The assessment was conducted through a desktop review of documents including methodologies, guides and supporting documentation about the benchmark provided by Textile Exchange and through interviews with Textile Exchange staff.

### Scope of the assessment

The assessment covers the design, methodology and implementation of the benchmark. The data collected by the benchmark are not within the scope of this assessment.

### Level of independence

This verification statement prepared by BSD Consulting is based on documentation and information provided by Textile Exchange. Although BSD Consulting has worked on projects with Textile Exchange in the past, we have not been involved in the design and implementation of the CFMB and have provided no advice or guidance in this regard. As part of this assessment, we do provide recommendations to Textile Exchange to improve the benchmark in the future.

## Limitations of the review

The assessment was focused on the processes and methods used to develop and implement the benchmark which include an annual survey to collect data and the data validation and scoring processes. For data collection and data validation processes, we refer to the Global Reporting Initiative (GRI) principles of completeness, accuracy, reliability and comparability. The data provided by participating companies is self-reported, a review of the sources of the data was not included in the assessment.

BSD also used the ISEAL Benchmarking Guidelines for assessing the design, development and implementation of the framework.

## Observations

### About the Benchmark:

Piloted in 2015, Textile Exchange developed the Corporate Fiber & Materials Benchmark (CFMB) (formerly the Preferred Fiber & Materials Benchmark) to help textile and apparel companies systematically measure, manage and integrate a preferred fiber and materials strategy into mainstream business operations.

In 2019, Textile Exchange updated the CFMB to further align with Textile Exchange's mission to transform the textile industry towards sustainable practices through the adoption of preferred fibers and materials. The benchmark is a tool to measure progress towards this adoption.

The benchmark and public Index Board measures a company's transition from conventional to preferred materials through an assessment, not only of uptake as a measure of performance (amount of preferred material use), but also of the relative amount of preferred compared to conventional. Alongside performance, the strategies and management approaches that guide fiber and materials stewardship are assessed. It is designed to be a holistic, end-to-end measure of the extent and management of fibers and material portfolios, including materials circularity. In addition, it links the outcomes achieved by the textile industry to the UN Sustainable Development Goals (SDGs).

All brands and retailers of textile products (apparel, footwear, home and related textiles) are eligible to participate in the Corporate Fiber & Materials Benchmark (CFMB). Companies of any size and based in any country can participate. This includes both Textile Exchange members and non-members.

The benchmark is managed entirely and independently by internal Textile Exchange staff who have no affiliations with the benchmarked entities, even though members can participate.

### Benchmark Design

The design and development of the framework was led by Textile Exchange's internal Fiber and Materials Team in consultation with multiple stakeholders. Internal stakeholders included, the Industry Engagement and Integrity Team and the Textile Exchange Board, who represents industry and NGOs. External stakeholders included the CFMB Advisory Committee comprising 14 brands/retailers, 3 other industry organizations, 2 NGOs, 2 fiber and material expert organizations and 1 IT company. Textile Exchange collaborated with multi-stakeholder organizations such as WRAP in the United Kingdom and

the German Partnership for Sustainable Textile Framework. Advice was sought from a number of standards/initiative experts such as the Global Organic Textile Standard (GOTS), the Forest Stewardship Council (FSC), and the Programme for the Endorsement of Forest Certification (PEFC) among others. Textile Exchange also conducted a detailed stakeholder consultation on man-made cellulosic fibers (MMCFs) to address the complexities involved in the definition and performance assessment of these fibers. The consultation on this topic included 5 brands/retailers, 3 suppliers, 2 standard owners, 1 service provider, 1 university and 1 UN organization. Feedback from previous years' surveys and a review of several leading benchmarking frameworks was included such as the Sustainable Apparel Coalition Brand and Retailer Module, Sustainability Accounting Standards Board (SASB), CDP, WRAP's Sustainable Clothing Action Plan (SCAP), and the German Partnership for Sustainable Textile Framework. Topical experts on circularity and fibers also participated in the design of the framework.

### **Benchmark Implementation**

Participating in the benchmark is voluntary and all participants receive a digital scorecard for free. Advanced, confidential scorecards and consulting services beyond general support, can be had for a fee.

The process of implementing the benchmark consists of 3 steps: 1) Data collection 2) Data validation and 3) Scoring/Ranking.

#### **1) Data Collection**

The data for the benchmark is collected through an annual survey. The survey is administered through Textile Exchange's trusted partnership with technology provider 73bit, who runs the online benchmarking platform, Probench.

The benchmark can be applied flexibly, based on a company's organizational context and capacities. Companies may choose to complete a Full Assessment which includes completing all components of the survey, a Partial Assessment selecting particular modules only or an Uptake Assessment which focuses only on fiber/material use and does not address management questions. Respondents may complete 1 or more fiber/material modules, depending on which materials are a priority to them. The benchmark publishes 3 clear criteria on how to assess priority materials, which include Scale (amount of volumetric use of a fiber/material beyond thresholds defined by the benchmark), Risk and Opportunities.

The benchmark uses clear and incisive criteria that are concise, employ clear and unambiguous language and are accompanied by detailed explanatory guidance to ensure consistency of interpretation. Textile Exchange publishes several clear and comprehensive guidance documents for instructing participants to use the benchmark including definitions of terms, interpretations of questions and methodologies used for the calculations. The framework and criteria are a comprehensive measure of the management and uptake performance of preferred fibers and materials aligned with the purpose of the benchmark. They are aligned with the practices typically used by the benchmarked entities for the management of materials portfolios and for which evidence can be provided.

#### **2) Data Validation**

Data submitted to the survey is reviewed by a core team comprised of data, materials and strategy experts at Textile Exchange. The reviewers use consistent, clearly defined criteria and guidance to conduct the review. The reviewers assess the data provided for completeness, accuracy, consistency (balance), and quality of supporting evidence. The reviewers ensure that all the necessary information has been provided. They check for accuracy and consistency by verifying the data against publicly available information, past surveys (if available), industry averages and other data points in the survey. Benchmarking participants also complete a Meta-Data questionnaire for volumetric data which asks participants to self-report on data sources, methodologies applied in calculations and a self-assessment on the quality and accuracy of the data on a scale of 1 to 5. Reviewers may request clarifications electronically or via a phone call on the data submitted from the participations. Once the reviewers have been satisfied that the data provided meets internal quality criteria, the review is signed off by a “Lead Practitioner”.

### 3) Scoring/Ranking

The Material Change Index (MCI) Score generated by the benchmark demonstrates the overall performance of a company that has completed the full CFMB survey. The Index Score is a cumulation of Management Scores for each component of the benchmark which demonstrate how well a company is integrating sustainable fiber/material choices into its mainstream business operations and business model. It also incorporates a Performance Score which reflects the absolute and relative share of fiber/materials coming from sustainability programs. Only programs that are recognized by Textile Exchange are scored. A Data Confidence factor is used to normalize data and weighting factors are used to assess best practices in sustainability standards and initiative options. The Scoring/Ranking methodology was extensively tested and adjusted as necessary to ensure that the results are fair and accurate. The Scoring is explained in detail in the methodology published by Textile Exchange.

A score card with detailed information about the results is made privately available to each participant. The score card includes a comparison of the company’s score against sector/sub-sector scores. The sector/sub-sector scores are derived from the scores of the companies participating in the benchmark. For public disclosure, scores are organized into 4 bands (quartiles) - Level 1 (Developing), Level 2 (Establishing), Level 3 (Maturing) and Level 4 (Leading). The quartiles were tested by Textile Exchange against the benchmarking criteria to ensure that they are an accurate reflection of performance. The public results do not show an individual company score but rather the company’s placement in one of the 4 Levels. The data on material impacts in the public and private disclosures is based on the Sustainable Apparel Coalition’s Higg Index.

The benchmark communications strategy is shared with the participant before results are made public. Participants may choose to opt-out of public reporting.

### **Transparency and Continuous Improvement**

The benchmarking methodology, its governance, policies, decision-making and results are publicly available and accessible. In addition, Textile Exchange also provides a claims policy to ensure that claims made by the program and the benchmarking participants are grounded in and consistent with the actual

results and do not misrepresent the conclusions that can be drawn from the evaluation. The claims policy was developed based on the ISEAL’s Sustainability Claims Good Practice Guide. Participants may also display badges indicating their participation in the benchmark. The badges are of two types – one for all companies participating and one, the MCI badge, only for companies completing the full survey. The MCI badge includes the company’s performance banding (Developing, Establishing, Maturing, Leading), the corresponding level (1-4) and the year of participation.

To ensure that the CFMB is fit for purpose and continuously improving, Textile Exchange collaborates and consults with a wide range of stakeholders. Each year an open consultation is held to review the entire program with participants including priority areas such as fiber calculations. Interested stakeholders can share comments which are considered when the benchmark is revised. In addition, Textile Exchange’s membership in the World Benchmarking Alliance facilitates peer-to-peer learning and collaboration for continuous improvement.

## **Conclusion**

The CFMB is a comprehensive approach to measuring the management and performance of preferred fiber and materials portfolios. It was designed with input from stakeholders and offers clear and comprehensive criteria and guidance for participants and reviewers to assess the information provided, and assure data consistency and quality. In addition, the benchmarking methodology, its governance, policies, decision-making and results are publicly available and accessible.

## **Assessment team**

The assessment has been conducted by the BSD office in the US, which undertakes engagements similar to this with a number of significant international organizations.

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